When an honest effort is made to think in terms of the needs of the 165 million people today, and the 190 million in 1965, and the 200 million in 1970, then, and only then, can we expect honest and effective Governmental action.

TWO MILLION UNITS A YEAR

If we are to meet the challenge of our soaring population and at the same time counter the growing slum areas of today, we must begin to think and plan in terms of 2 million new housing units a year.

Private enterprise must expand its facilities to take care of 1.8 million units annually, and Government must assist, not only the existing programs, but through new ones which will give credit assistance to the millions of potential middle-income owners.

Public housing must hatch from its present dormant state and provide decent shelter for 200,000 individuals or families annually, especially, but not exclusively, those displaced by renewal projects.

This will call for immediate liberalization of the binding restrictions which now keep public housing and urban renewal separated and it will necessitate a long overdue showdown with the special interests which have so long and so effectively blocked effective action by you and by others who seek to make decent minimum housing available to all of our citizens.

I know that all of this is easier said than done, but it must be done because the need is real and because it goes to the very core of our national life.

HIGH PRICE OF FAILURE

Under the circumstances which exist today, the efforts of urban housing commissions are bound to hit snags and to appear to be slow moving, but I feel confident, especially here in Toledo, that progress is being made, because the facts are beginning to come out, and people from Boston and Los Angeles are beginning to be aware of the dreadful price which all of us, all over the country, must pay for allowing slums and substandard housing to perpetuate themselves.

We in Congress and you in the field can move forward only as fast as informed public opinion will let us. Given the facts, the people of the United States have a way of getting behind a program which makes us a Nation unto ourselves. Given the facts, we exact honest and positive action from public officials on every level of government and we do it democratically, too.

The job before us is not an easy one nor is it one of short duration. This you know under the best of circumstances, it would take a decade to finally meet the housing needs of the Nation.

GOAL MUST BE REACHED

But gradually we are gaining and eventually we will reach our goal. When this will be depends largely, I think, on the degree of public support and participation, and on the degree of effective cooperation between citizens, administrators, and public officials.

In closing, I want to assure you of my own deep seated and continuing interest in the vital field of housing and redevelopment, and that of a great number of my colleagues with whom I am privileged to serve in Congress.

But more especially, I want to extend my congratulations to all of you for the difficult work you are doing and the strides you have made.

I hope that we in Congress can make your work less arduous and that the near future will see our joint efforts begin to pay the real dividends which we feel are the right of every American.

SENATE

TUESDAY, JUNE 7, 1955

Rev. Ralph L. Buchanan, pastor, Hawfield Presbyterian Church, Mebane, N. C., offered the following prayer:

Eternal God, our Heavenly Father, as we bow in recognition of our need and of Thy limitless ability to help us, we would thank Thee for the kindness of Thy providence in placing us in this good land. Help us to do only those things which would pass on to our posterity a greater heritage than that which we have known.

We would pray, our Father, that Thou would bless the Members of this great body. Guide and direct them in all their deliberations and actions. We pray that Thou wilt help them to know that to err in vision is to stumble in judgment, and that they may so direct the affairs of this Nation that it may be to the world a beaconlight of righteousness, justice, freedom, and good will.

We make our prayer in the name of Him who said, "Ye shall know the truth, and the truth shall make you free." Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

UNITED STATES SENATE,
PRESIDENT PRO TEMPORE,
Washington, D. C., June 7, 1955.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. PAUL H. DOUGLAS, a Senator from the State of Illinois, to perform the duties of the Chair during my absence.

WALTER F. GEORGE,
President pro tempore.

Mr. DOUGLAS thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. JOHNSON of Texas, and by unanimous consent, the reading of the Journal of the proceedings of Monday, June 6, 1955, was dispensed with.

COMMITTEE MEETING DURING SENATE SESSION

Mr. JOHNSON of Texas. Mr. President, I have been informed by the chairman of the Committee on Government Operations that the Subcommittee on Investigations has very important witnesses it desires to hear this afternoon. I therefore ask unanimous consent that the subcommittee may meet during the session of the Senate this afternoon.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

The ACTING PRESIDENT pro tempore. If there be no reports of committees, the nominations on the Executive Calendar will be stated.

UNITED STATES DISTRICT JUDGES

The Chief Clerk read the nomination of Reynier J. Wortendyke, Jr., of New Jersey, to be United States district judge for the district of New Jersey.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of William G. East, of Oregon, to be United States district judge for the district of Oregon.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

CIRCUIT COURTS, TERRITORY OF HAWAII

The Chief Clerk read the nomination of Benjamin M. Tashiro, of Hawaii, to be circuit judge of the fifth circuit, circuit courts, Territory of Hawaii.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

FEDERAL COAL MINE SAFETY BOARD OF REVIEW

The Chief Clerk read the nomination of Edward Steidle, of Pennsylvania, to be a member of the Federal Coal Mine Safety Board of Review.

The ACTING PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. JOHNSON of Texas. Mr. President, I ask that the President be notified forthwith of the nominations today confirmed.

The ACTING PRESIDENT pro tempore. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. JOHNSON of Texas. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

ORDER FOR LIMITATION ON DEBATE DURING MORNING HOUR

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that during the morning hour there be a 2-minute limitation on statements.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

The ACTING PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

CONTINUANCE OF EFFECTIVENESS OF MISSING PERSONS ACT

A letter from the Secretary of the Army, transmitting a draft of proposed legislation

to continue the effectiveness of the Missing Persons Act, as extended, until July 1, 1956 (with an accompanying paper); to the Committee on Armed Services.

REPORT OF DISTRICT OF COLUMBIA PUBLIC UTILITIES COMMISSION

A letter from the Chairman, Public Utilities Commission of the District of Columbia, transmitting, pursuant to law, a report of that Commission for the year ended December 31, 1954 (with an accompanying report); to the Committee on the District of Columbia.

REPORT AND FINDINGS ON THE WASHOE PROJECT, NEVADA AND CALIFORNIA

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, his report and findings on the Washoe project, Nevada and California (with accompanying papers); to the Committee on Interior and Insular Affairs.

AMENDMENT OF TRADING WITH THE ENEMY ACT AND WAR CLAIMS ACT OF 1948

A letter from the Secretary of State, transmitting a draft of proposed legislation to amend the Trading With the Enemy Act, as amended, and the War Claims Act of 1948, as amended (with accompanying papers); to the Committee on the Judiciary.

PROHIBITION OF USE AS EVIDENCE OF INVESTIGATIONS BY MILITARY DEPARTMENTS IN CERTAIN CASES

A letter from the Secretary, Department of the Air Force, transmitting a draft of proposed legislation to prohibit in any lawsuit or action for damages the use and admission as evidence of investigations by the military departments of aircraft accidents conducted in the interest of air safety (with an accompanying paper); to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the ACTING PRESIDENT pro tempore:

A joint resolution of the Legislature of the State of California; ordered to lie on the table:

"Senate Joint Resolution 21

"Joint resolution relative to the inclusion of certain highways in the National System of Interstate Highways

"Whereas United States Highway No. 395 is an important north and south highway on the Pacific coast and in the event of a national emergency would provide such a route in California and Nevada east of the Sierra and Cascade Mountains; and

"Whereas United States Highway No. 6 and United States Highway No. 50 form essential connections east and west from California through Nevada; and

"Whereas State Highway Sign Route No. 12 forms an essential connection east and west across California from the Pacific coast to the Sierras; and

"Whereas under section 7 of the Federal-Aid Highway Act of 1944, provision was made for the selection of a national system of interstate highways not exceeding 40,000 miles in total extent, so located as to connect by routes, as direct as practicable, the principal metropolitan areas, cities, and industrial centers, to serve the national defense, and to connect at suitable border points with routes of continental importance in the Dominion of Canada and the Republic of Mexico; and

"Whereas the Congress is now in the process of enacting legislation which would supply hundreds of millions of additional funds for the National System of Interstate Highways; and

"Whereas the President of the United States has recommended 'that the Federal Government assume primary responsibility for the cost of a modern interstate network to be completed by 1964 to include the most essential urban arterial connections at an annual average cost of $2.5 billion' for the next 10 years: Therefore be it

"Resolved by the Senate and Assembly of the State of California (jointly), That the Legislature of the State of California respectfully memorializes the President, the Congress of the United States, the Secretary of Commerce, the Commissioner of the Bureau of Public Roads, the California Highway Commission, and the State department of public works to take whatever steps are necessary to include the highways described in the resolution in the National System of Interstate Highways; and be it further

"Resolved, That the secretary of the senate be hereby directed to transmit copies of this resolution to the President and Vice President of the United States, to the Speaker of the House of Representatives, to each Senator and Representative from California in the Congress of the United States, to the Secretary of Commerce and the Commissioner of the Bureau of Public Roads, and to the chairman and members of the California Highway Commission and the director of public works."

A resolution adopted by the Western Association of College and University Business Officers, at Tucson, Ariz., favoring the enactment of legislation to provide sufficient funds for the student-housing program; to the Committee on Appropriations.

By Mr. ELLENDER:

A concurrent resolution of the Legislature of the State of Louisiana; to the Committee on Agriculture and Forestry:

"Senate Concurrent Resolution 16

"Whereas the present national program whereby the Federal Government provides technical assistance to State-organized and locally governed soil-conservation districts has proved so successful that most of the farmers and ranchers in the United States have voluntarily organized into such districts; and

"Whereas soil conservation districts organized under the Louisiana Soil Conservation District Law in 1938 have demonstrated their ability to provide the local leadership and administration of the conservation program; and

"Whereas the State of Louisiana, through the legislature, has recognized its responsibility by providing $375,000 annually to assist soil conservation district operations; and

"Whereas according to press reports the majority report of the Task Force Committee on Federal Aid to Agriculture has recommended to the President's Commission on Intergovernmental Relations a proposal 'that the function of soil conservation technical assistance be placed on a Federal grant-in-aid basis'; and

"Whereas the reported proposal would require vastly increased State and local financial support in technical assistance and cost-sharing programs, thus requiring heavy additional tax burdens at State and parish levels; and

"Whereas there is a strong likelihood that already heavily taxed State and parish governments will be unwilling to impose additional local taxes for this purpose; and

"Whereas it is unlikely that any increase in local taxes for soil conservation will be offset by a decrease in Federal taxes paid by the people; and

"Whereas the proposal is inconsistent with the fact that soil and water are strategic national resources, the conservation and wise use of which are matters of necessity to all people, both rural and urban: Therefore be it

"Resolved by the Senate of the State of Louisiana (the House of Representatives concurring), That the Congress of the United States reject the aforesaid reorganization plan, and retain the soil conservation program as a Federal service in substantially its present form with responsibility for carrying forward the programs developed by the locally administered soil-conservation districts; and be it further

"Resolved, That the secretary of state of the State of Louisiana is hereby directed to transmit a certified copy of this resolution to the Congress of the United States; to the Honorable ALLEN J. ELLENDER and RUSSELL B. LONG, Senators from the State of Louisiana; and to the Honorable F. EDWARD HÉBERT, HALE BOGGS, EDWIN E. WILLIS, OVERTON BROOKS, OTTO E. PASSMAN, JAMES H. MORRISON, T. ASHTON THOMPSON, and GEORGE S. LONG, Representatives in Congress from the State of Louisiana.

"C. E. BARHAM,
"Lieutenant Governor and President of the Senate.

"C. C. AYCOCK,
"Speaker of the House of Representatives."

By Mr. BUSH:

A joint resolution of the General Assembly of the State of Connecticut; to the Committee on Interstate and Foreign Commerce:

"Senate Joint Resolution 179

"Joint resolution commendation and encouragement to Patrick B. McGinnis and his fellow officers and directors of the New York, New Haven & Hartford Railroad for the forward-looking policies they have adopted in the running of Connecticut's most important transportation system

"Whereas the New York, New Haven & Hartford Railroad Co. is now entering into its second year under the leadership of Patrick B. McGinnis; and

"Whereas the said Patrick B. McGinnis has succeeded, in the short time he has been in control, in infusing a new, vigorous, forward-looking spirit into this essentially Connecticut railroad; and

"Whereas the said Patrick B. McGinnis has shown a fine spirit of cooperation with State and municipal officials, and has demonstrated his ardent desire to do everything possible to retain Connecticut's present industries and to encourage new industries to locate within our boundaries; and

"Whereas he has with the authorization of his board of directors, placed orders for revolutionary new types of passenger equipment, has begun installation of jointless rail and of a Magnetronic Reservoir System for reservations, has instituted ten-ride fares, ladies' day fares, a charge-a-plate system, has inspired 'zoo trains' and other merchandising features all calculated to give Connecticut improved transportation service, and to improve passenger service and commuting conditions to attract New York business people to live within our State: Now, therefore, be it

"Resolved, That the members of this General Assembly take occasion publicly to express their approbation of the steps being taken to modernize the New York, New Haven & Hartford Railroad to the ultimate benefit of our State, and particularly to commend the wonderful spirit of leadership exhibited by Patrick B. McGinnis, its president, and to express the hope of this body that he will have continued success in his efforts which we believe will redound to the benefit of all the citizens of our State; and be it further

"Resolved, That the Secretary of State be and she hereby is authorized and directed to transmit to the several Senators and Representatives from Connecticut in the Congress of the United States and to the members of the Interstate and Foreign Commerce Committee of both Houses of Congress, duly certified copies of this resolution, and that a

suitably inscribed copy also be sent to Mr. Patrick B. McGinnis, president of the New York, New Haven & Hartford Railroad Co."

By Mr. DANIEL:

A resolution of the senate of the Legislature of the State of Texas; to the Committee on Finance:

"Senate Resolution 382

"Whereas it is reported that the Congress of the United States is considering increasing the Federal tax on gasoline; and

"Whereas the levying of additional Federal taxes for the purpose of making grants-in-aid to the States is in conflict with Article X of the Bill of Rights of the United States Constitution; and

"Whereas it would be the better part of wisdom for the Federal Government to address itself to balancing the budget and reducing the national debt rather than increasing grants-in-aid to the respective States; and

"Whereas the principles of both good government and economy could be met if the Federal Government would abandon certain fields of taxation, including gasoline taxes, to the States so that they might become self-sustaining in regard to all services, including roads, which can best be administered by the States: Now, therefore, be it

"Resolved by the Senate of the State of Texas, That the Congress be respectfully requested to refrain from increasing the present levy on gasoline and that such present levy be repealed; and be it further

"Resolved, That a copy of this resolution be mailed to each member of the Texas delegation in Congress.

"BEN RAMSEY,
"President of the Senate."

PRESERVATION AND MAINTENANCE OF WET LANDS—LETTER FROM WISCONSIN CONSERVATION CONGRESS

Mr. WILEY. Mr. President, one of the great grassroots organizations of our country is the Wisconsin Conservation Congress, democratically composed of 71 county committees whose members are elected at public meetings in May of each year.

I have recently been pleased to hear from Chairman John R. Lynch of the conservation congress endorsing two important bills, both of which I in turn heartily endorse.

Indeed, one of these bills for the preservation and maintenance of wetlands of our country is the subject of proposed legislation which I have personally introduced in the form of S. 1756.

I present Chairman Lynch's letter, and ask unanimous consent that it be printed in the RECORD, and be thereafter appropriately referred.

There being no objection, the letter was referred to the Committee on Interstate and Foreign Commerce and ordered to be printed in the RECORD, as follows:

WISCONSIN CONSERVATION CONGRESS,
Gordon, Wis.

Hon. ALEXANDER WILEY,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: The executive council of the Wisconsin Conservation Congress met at Stevens Point on April 23, 1955, at which time a number of conservation problems and programs were discussed which have implications on a national basis and which also directly involve the State of Wisconsin.

As you know, the Wisconsin Conservation Congress is made up of 71 county committees whose members are elected at public hearings held in May of each year. The 71 county committees, in turn, elect a 22-man executive council to act for them during the year, and these councilmen meet 4 times a year to consider conservation matters, primarily concerned with fishing, hunting and trapping, and other related matters which affect conservation of our natural resources.

At the Stevens Point meeting on April 23, a resolution was adopted by the executive council directing the chairman to ask Wisconsin's Representatives in Congress to do everything in their power to obtain favorable consideration and passage of a bill introduced by Congressman LESTER JOHNSON, H. R. 2142 (which provides that 40 percent of the duck-stamp funds shall be earmarked for the acquisition of land and water areas suitable for breeding, nesting, and resting of migratory waterfowl). It is our understanding that this bill is now being considered by the House Committee on Merchant Marine and Fisheries.

Closely allied with this resolution was another passed by the executive council, asking our Representatives in Congress to do whatever they can to protect, preserve, and maintain the wetlands of this country, not only for the value they have for wildlife, but also for the value they represent in maintaining water supplies, preventing quick runoff, which in some cases creates downstream floods which destroy life and property.

We of the executive council and the Wisconsin Conservation Congress sincerely ask you to do everything in your power to help maintain and perpetuate these important wetlands of our great Nation.

Sincerely,

JOHN R. LYNCH,
Chairman, Wisconsin Conservation Congress.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs:

S. 1878. A bill to amend the act authorizing the conveyance of certain lands to Miles City, Mont., in order to extend for 5 years the authority under such act; without amendment (Rept. No. 499); and

S. Res. 106. Resolution to provide additional funds for the Committee on Interior and Insular Affairs; without amendment.

By Mr. O'MAHONEY, from the Committee on Interior and Insular Affairs:

S. 1397. A bill providing for the conveyance to St. Mary's Mission of certain lands on the Turtle Mountain Indian Reservation; with amendments (Rept. No. 497).

By Mr. KILGORE, from the Committee on the Judiciary, without amendment:

S. 92. A bill for the relief of Irene C. (Karl) Behrman (Rept. No. 467);

S. 135. A bill for the relief of the Elkay Manufacturing Co., of Chicago, Ill. (Rept. No. 468);

S. 187. A bill for the relief of Mr. and Mrs. Frank Goto (Rept. No. 469);

S. 1020. A bill for the relief of Laurie Dea Holley and the legal guardian of Karmen Lael Holley, minor child (Rept. No. 470);

H. R. 1002. A bill for the relief of L. S. Goedeke (Rept. No. 473);

H. R. 1974. A bill for the relief of Shirley W. Rothra (Rept. No. 474); and

H. R. 2236. A bill for the relief of Mary Rose and Mrs. Alice Rose Spittler (Rept. No. 475).

By Mr. KILGORE, from the Committee on the Judiciary, with an amendment:

S. 1033. A bill for the relief of Ann Arbor Construction Co. (Rept. No. 471);

H. R. 903. A bill for the relief of Harold C. Nelson and Dewey L. Young (Rept. No. 476);

H. R. 1003. A bill for the relief of Mrs. Lorenza O'Malley (de Amusategui), Jose Marie de Amusategui O'Malley, and the legal guardian of Ramon de Amusategui O'Malley (Rept. No. 477);

H. R. 1202. A bill for the relief of Robert H. Merritt (Rept. No. 478);

H. R. 1400. A bill for the relief of David R. Click (Rept. No. 479);

H. R. 1401. A bill for the relief of Ewing Choat (Rept. No. 480);

H. R. 1409. A bill for the relief of H. W. Robinson & Co. (Rept. No. 481);

H. R. 1640. A bill for the relief of Constantine Nitsas (Rept. No. 482);

H. R. 1692. A bill for the relief of Frederick F. Gaskin (Rept. No. 483);

H. R. 1747. A bill for the relief of the Utica Brewing Co. (Rept. No. 484);

H. R. 2456. A bill for the relief of Mrs. Diana P. Kittrell (Rept. No. 485);

H. R. 2529. A bill for the relief of Albert Vincent, Sr. (Rept. No. 486);

H. R. 2760. A bill for the relief of the estate of William B. Rice (Rept. No. 487);

H. R. 2907. A bill for the relief of Thomas F. Harney, Jr., doing business as the Harney Engineering Co. (Rept. No. 488);

H. R. 3281. A bill for the relief of Herbert Roscoe Martin (Rept. No. 489);

H. R. 3958. A bill for the relief of Louis Elterman (Rept. No. 490);

H. R. 4249. A bill for the relief of Orrin J. Bishop (Rept. No. 491); and

H. R. 4714. A bill for the relief of Theodore J. Harris (Rept. No. 492).

By Mr. KILGORE, from the Committee on the Judiciary, with amendments:

S. 175. A bill to provide for the relief of Milton Beatty and others by providing for determination and settlement of certain claims of former owners of lands and improvements purchased by the United States in connection with the Canyon Ferry Reservoir project, Montana (Rept. No. 472);

H. R. 1069. A bill for the relief of Hussein Kamel Moustafa (Rept. No. 493);

H. R. 1416. A bill for the relief of J. B. Phipps (Rept. No. 494);

H. R. 1643. A bill for the relief of the estate of James F. Casey (Rept. No. 495); and

H. R. 3045. A bill for the relief of George L. F. Allen (Rept. No. 496).

By Mr. DOUGLAS, from the Committee on Labor and Public Welfare:

S. 2168. A bill to amend the Fair Labor Standards Act of 1938 in order to increase the national minimum wage, and for other purposes; placed on the calendar (Rept. No. 498).

(See the remarks of Mr. DOUGLAS when he reported the above bill, from the Committee on Labor and Public Welfare, which appear under a separate heading.)

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. KENNEDY:

S. 2154. A bill for the relief of Lucia Mary Ann Lucchesi Marchi; to the Committee on the Judiciary.

By Mr. BIBLE:

S. 2155. A bill for the relief of Jose Torres; and

S. 2156. A bill for the relief of Thomas H. Ros; to the Committee on the Judiciary.

By Mr. CAPEHART:

S. 2157. A bill to authorize the establishment of an Inventive Contributions Awards Board within the Department of Defense,

and for other purposes; to the Committee on Armed Services.

By Mr. DOUGLAS:

S. 2158. A bill for the relief of Alexander Salomon and his wife Kaete Salomon; to the Committee on the Judiciary.

By Mr. IVES:

S. 2159. A bill for the relief of Dr. Roy Esme Lau; to the Committee on the Judiciary.

By Mr. KILGORE:

S. 2160. A bill for the relief of Georgios Nikoladakis Baroulakis:

S. 2161. A bill for the relief of Nicholas Tsirigotis; and

S. 2162. A bill for the relief of Michael Patrinos; to the Committee on the Judiciary.

By Mr. FREAR:

S. 2163. A bill to extend the Defense Production Act of 1950, as amended; to the Committee on Banking and Currency.

By Mr. WELKER:

S. 2164. A bill for the relief of Ghislaine Marie DeBoysson; to the Committee on the Judiciary.

By Mr. CAPEHART (by request):

S. 2165. A bill to amend the Defense Production Act of 1950, as amended; to the Committee on Banking and Currency.

By Mr. O'MAHONEY:

S. 2166. A bill for the relief of Nickolas Menis; to the Committee on the Judiciary.

By Mr. MAGNUSON:

S. 2167. A bill to make certain changes in the administration of the Panama Canal Company, and for other purposes; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. MAGNUSON when he introduced the above bill, which appear under a separate heading.)

By Mr. DOUGLAS:

S. 2168. A bill to amend the Fair Labor Standards Act of 1938 in order to increase the national minimum wage, and for other purposes; placed on the calendar.

(See the remarks of Mr. DOUGLAS when he reported the above bill, from the Committee on Labor and Public Welfare, which appear under a separate heading.)

By Mr. THURMOND:

S. 2169. A bill for the relief of M. B. Huggins, Jr.; to the Committee on the Judiciary.

By Mr. EASTLAND:

S. 2170. A bill to permit sale of Commodity Credit Corporation stocks of basic and storable nonbasic agricultural commodities without restriction where similar commodities are exported in raw or processed form; to the Committee on Agriculture and Forestry.

S. 2171. A bill to amend the Subversive Activities Control Act so as to provide that, upon the expiration of his term of office, a member of the Board shall continue to serve until his successor shall have been appointed and shall have qualified; to the Committee on the Judiciary.

By Mr. KEFAUVER:

S. 2172. A bill to amend the National Housing Act by adding a new title thereto providing authority for insurance of loans made for the construction of civilian defense facilities; to the Committee on Banking and Currency.

S. 2173. A bill to provide for the appointment of an additional circuit judge for the second circuit; to the Committee on the Judiciary.

By Mr. SCOTT (for himself and Mr. CLEMENTS):

S. J. Res. 75. Joint resolution directing a study and report by the Administrator of the Agricultural Research Service of the Department of Agriculture proposing an expansion of the tobacco production, utilization, and marketing research program, with primary emphasis on basic research; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. SCOTT when he introduced the above joint resolution, which appear under a separate heading.)

EXPANSION OF TOBACCO RESEARCH PROGRAM

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the distinguished Senator from North Carolina [Mr. SCOTT] be accorded an additional 3 minutes in order to make a statement.

The ACTING PRESIDENT pro tempore. Without objection, the Senator from North Carolina is recognized for 5 minutes.

Mr. SCOTT. Mr. President, tobacco is one of the most important commodities in our agricultural economy, in business, and in tax revenues. In recent years tobacco production has ranked fifth in importance in farm income, averaging over a billion dollars in value each year. Consumers are spending approximately $5 billion a year for tobacco products, with the Federal Government collecting over a billion and a half dollars in tobacco tax each year.

Tobacco is important not only to farmers, business, and Government; it is also of vital concern to every family in the United States, because the per capita consumption of tobacco among persons over 15 years of age has risen to the remarkable point of over 13 pounds per year, which amounts to 5,250 cigarettes.

Tobacco production is becoming a more and more dangerous financial undertaking for the small farmer. The average loss from tobacco diseases alone has been nearly one-fourth of the value of the crop over the past 10 years.

The consumer of tobacco has also been having a hard time of it in the last year or so. There have been a lot of scare headlines and some loose talk about the possibility that smoking causes lung cancer.

Mr. President, untold millions of dollars are now being spent in medical research to find the answer to this question. But I was astounded to learn how woefully lacking we are in knowledge of the chemical components of tobacco and tobacco smoke—the sort of basic knowledge that is absolutely essential both to this advanced medical research as well as to agricultural research aimed at producing better tobacco at lower costs.

I think we have a good tobacco research program in our Agricultural Research Service and in the State agencies; but it has been far too small in its scope. We have been spending a paltry half million dollars a year for tobacco research while the Federal Government has been collecting a billion and a half in tobacco taxes.

I have discussed this problem with many experts, representing tobacco growers, manufacturers, and research specialists of our universities, the Department of Agriculture, and the Public Health Service, and they all agree that there is a crying need for a greatly expanded program of basic tobacco research. I think the Government's research investment in tobacco should be at least doubled over the next few years, in order that answers may be obtained to these basic questions which should have been answered long ago.

Mr. President, on behalf of myself, and the Senator from Kentucky [Mr. CLEMENTS], I introduce, for appropriate reference, a joint resolution authorizing the Administrator of the Agricultural Research Service to propose a program for expanded tobacco research and to make a report to Congress thereon.

The ACTING PRESIDENT pro tempore. The joint resolution will be received and appropriately referred.

The joint resolution (S. J. Res. 75) directing a study and report by the Administrator of the Agricultural Research Service of the Department of Agriculture proposing an expansion of the tobacco production, utilization, and marketing research program, with primary emphasis on basic research, introduced by Mr. SCOTT (for himself and Mr. CLEMENTS), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

STATEMENTS TO ACCOMPANY CONFERENCE REPORTS

Mr. KNOWLAND. Mr. President, on behalf of myself, the Senator from New Hampshire [Mr. BRIDGES], the Senator from New York [Mr. IVES], the Senator from Arizona [Mr. HAYDEN], the Senator from Indiana [Mr. JENNER], the ranking Republican member of the Committee on Rules and Administration, and the Senator from Oregon [Mr. MORSE], who previously joined in submitting a similar concurrent resolution, I submit a concurrent resolution, which reads as follows:

Resolved by the Senate (the House of Representatives concurring), That there shall accompany every report of a committee of conference a statement, in writing and signed by at least a majority of the managers on the part of each House, explaining the effect of the action agreed on by the committee.

SEC. 2. The foregoing section shall be a rule of each House, respectively, and shall supersede any other rule thereof but only to the extent that it is inconsistent with such other rule.

I ask unanimous consent that a copy of the report of the Committee on Rules and Administration of March 14, 1951, be printed at this point in the RECORD, as a part of my remarks.

The ACTING PRESIDENT pro tempore. The concurrent resolution will be received and appropriately referred; and, without objection, the report will be printed in the RECORD.

The concurrent resolution (S. Con. Res. 36) was referred to the Committee on Rules and Administration.

The report (No. 174, 82d Cong., 1st sess.), presented by Mr. KNOWLAND, is as follows:

The Committee on Rules and Administration, to whom was referred the concurrent resolution (S. Con. Res. 1) directing that there shall accompany every report of a committee of conference a statement explaining the effect of the action agreed on by the committee, having considered the same, report favorably thereon, without amendment, and recommend that it be agreed to by the Senate.

This resolution is identical with Senate Concurrent Resolution 79, which was agreed to by the Senate in the 81st Congress. In response to a request from the chairman

of the Committee on Rules and Administration, the Office of the Legislative Counsel last year prepared and submitted a memorandum relating to the adoption of a rule requiring every report of a committee of conference to be accompanied by a statement in writing, and signed by at least a majority of the managers on the part of each House, explaining the effect of the action agreed on by the committee. This memorandum notes the adoption of a similar requirement by the House of Representatives some 70 years ago, contains a concise history of such a rule, and presents certain reasons why Senate Concurrent Resolution 79, 81st Congress (now S. Con. Res. 1, 82d Cong.), should be agreed to by both Houses of Congress.

"MEMORANDUM FOR THE SENATE COMMITTEE ON RULES AND ADMINISTRATION

"This memorandum is submitted in response to the request of the chairman for our views with respect to the desirability of enacting Senate Concurrent Resolution 79. The resolution reads as follows:

"'*Resolved by the Senate (the House of Representatives concurring)*, That there shall accompany every report of a committee of conference a statement, in writing and signed by at least a majority of the managers on the part of each House, explaining the effect of the action agreed on by the committee.

"'SEC. 2. The foregoing section shall be a rule of each House, respectively, and shall supersede any other rule thereof but only to the extent that it is inconsistent with such other rule.'

"As a result of complaints made by various Members of the House of Representatives some 70 years ago, the House adopted a rule on February 27, 1880 (10 CONGRESSIONAL RECORD 1203), requiring every conference report to be accompanied by 'a detailed statement sufficiently explicit to inform the House what effect such amendments or propositions (i. e., contained in the conference report) will have upon the measures to which they relate.' This rule is still in effect, without change, and is a part of rule XXVIII of the Standing Rules of the House. It has been interpreted by the House to require the statement to be in writing and signed by at least a majority of the House conferees. The House has also held that a conference report is subject to a point of order unless such statement accompanies it.

"It is interesting to note that the rule as first proposed related to the conference report itself and was objected to by Mr. Blackburn on the ground that it proposed to bind the conferees on the part of the Senate as well as of the House. Mr. Blackburn stated:

"'A conference report means the report of the conference committee of the two Houses. The reports to the two Houses must be duplicates, the one of the other. There cannot be a syllable in the conference report made to this House that is not embraced in the report made to the Senate. We cannot compel the Senate to do what is here suggested; but I pledge myself I will use my best endeavor as a member of the Committee on Rules and of the Joint Committee on Rules to have this incorporated into a joint rule to govern the two Houses. While assenting to the idea of the gentleman from Wisconsin, I am in favor of so modifying his amendment as to require the House members of the committee of conference to furnish with each conference report an explanation by a statement in detail of the points in controversy covered by such report' (10 CONGRESSIONAL RECORD 1203).

"The House then proceeded to accept a substitute offered by Mr. Blackburn, which is the present rule.

"Over the years, and especially in more recent years, the courts have come to use the statement of the managers with increasing frequency as an extrinsic aid in helping them determine the intent of Congress. The courts give as much weight to such statement as they do to the committee reports prepared by the standing committees which accompany proposed legislation reported out of such committees. In instances where a bill is almost completely rewritten in conference, the statement is the best extrinsic aid available to the court in determining intent.

"Since the statement has become, and will continue to be, an important part of the legislative history of enactments of the Congress, it would seem desirable to have the Senate conferees join with the House conferees in writing such statement. As a practical matter, the Senate conferees can today insist upon collaboration with the House conferees on the text of the statement, since they can refuse to agree to the conference report unless an agreement can be reached as to the matter to be included in the statement. However, in the interest of orderly parliamentary procedure, a change in the rules such as is proposed in the pending resolution would seem to be the better approach.

"As the committee will remember, after the conference report on the Fair Labor Standards Amendments of 1949 was adopted in the Senate last year, a detailed statement explaining the contents of the conference report was submitted on behalf of a majority of the Senate conferees. (See daily CONGRESSIONAL RECORD, Oct. 19, 1949, pp. 15371–15377.) Such statement did not interpret the text of the conference report in the same manner as such report was interpreted by the statement of the managers on the part of the House. Senator Taft, who was a member of the conference but who did not join in the statement submitted on behalf of the majority of the Senate conferees, took issue with some of the interpretations contained in such statement and subsequently inserted in the RECORD his own views with respect to the interpretation of certain portions of the report. (See CONGRESSIONAL RECORD, volume 96, part 13, pp. A1110–A1111.)

"Unless the courts, the administrative agencies, and the practicing attorney can go to one statement, joined in by a majority of the conferees of both Houses, for a determination of the intent of Congress, they are faced with an unnecessary and difficult problem in attempting to determine such intent. It is quite possible, in a case such as the one referred to above, that a court would feel it necessary to disregard all such explanatory statements containing conflicting interpretations and exercise its own judgment as to intent which conceivably could be contrary to the intent of a majority of the Congress.

"For the above reasons we feel that the pending resolution is a step in the right direction and a desirable change in the rules.

"Respectfully,

"S. E. RICE,
"Legislative Counsel."

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were order to be printed in the RECORD, as follows:

By Mr. WILEY:

Address entitled "United States Foreign Policy," delivered by him at Columbus, Ohio, before Ohio Department of AMVETS, on June 4, 1955.

By Mr. MANSFIELD:

Commencement address delivered by him at Carroll College, Helena, Mont., on May 22, 1955.

By Mr. SCHOEPPEL:

Paper entitled "European Wheat Requirements," presented by Dr. John A. Schellenberger at the Hutchinson, Kans., meeting of the Kansas Wheat Improvement Association, on May 27, 1955.

NOTICE OF HEARINGS ON S. 2163 BY SUBCOMMITTEE ON PRODUCTION AND STABILIZATION OF THE COMMITTEE ON BANKING AND CURRENCY

Mr. FREAR. Mr. President, on behalf of the Subcommittee on Production and Stabilization of the Senate Committee on Banking and Currency, I desire to give notice that a public hearing will be held on S. 2163, relating to an extension of the Defense Production Act of 1950, as amended. This hearing will begin at 10 a. m., Monday, June 20, 1955, in room 301, Senate Office Building.

All persons who desire to appear and testify at the hearing are requested to notify Mr. J. H. Yingling, chief clerk, Committee on Banking and Currency, room 303, Senate Office Building, telephone National 8–3120, extension 865, before the close of business on Wednesday, June 15, 1955.

THE TENNESSEE VALLEY AUTHORITY

Mr. SPARKMAN. Mr. President, I have in my hand several editorials commenting on the TVA, which I shall ask to have printed in the RECORD.

I ask unanimous consent to have printed in the RECORD an editorial entitled "A Task Force Attacks TVA," written by Richard P. Greenleaf, of Boaz, Ala., appearing in the Boaz Leader.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A TASK FORCE ATTACKS TVA

(By Richard P. Greenleaf)

The other day President Eisenhower said, "We will never wreck the TVA. It is a going historical concern. It's served a useful purpose. It was put up for particular purposes, and I don't think many people can quarrel about the purposes for which it was originally set up."

This is one of several issues on which certain men, very high in the councils of the Republican Party, seem resolved to go in a direction absolutely counter to that followed by the President. Within the last few days it has become plain that some of those men want to do what Eisenhower says will never be done: Wreck the TVA. The Hoover Commission on Organization of the Executive Branch has something called a task force—a sort of subcommittee charged with examining TVA. This task force has made some recommendations to the Hoover Commission. Those recommendations were intended to be kept secret, but thanks to some of our on-the-ball newsmen they were leaked. The task force has recommended that either (1) TVA power rates be raised until they are up with private utility rates, or (2) TVA power faciliites be leased or sold to private concerns and its nonpower facilities be turned over to other Government agencies.

With all respect to our brave fighting men who in wartime have been assigned to task forces, the use of this military term by a body charged with recommending improvement of our governmental structure has an ominous sound. The task of a military task

force is to kill and destroy and capture. That is what the Hoover Commission is trying to do—kill and destroy and capture the TVA, which the people of the United States have built with their own hands and control with their own votes. With Mr. Eisenhower, we must work and pray in order to make certain that this particular task force meets with complete failure.

In 1933, when the Tennessee Valley Authority was established, 3 percent of the farms in the area it now serves were electrified. Today 90 percent are electrified. That job was done by the American people, after the private power companies had hemmed and hawed and mumbled that it couldn't be done. In 1933 the soil of seven States was being washed down the Tennessee, year after year, on its way to the Mississippi and the sea. Now that soil is staying on the farms and growing food for us to eat. That was done by the American people and their Government because there wasn't any other way to do it. In 1933 Sand Mountain was about as far inland as you could get; today ships come to the very foot of our mountain by a 630-mile-long, 11-foot-deep channel that links us with the whole world. TVA has planted forests and built lakes, for hunting and fishing and swimming, for a healthy, happy nation; and TVA today brings to 1,300,000 of us our electricity at rates that are fair and realistic—rates that have helped keep down electric rates in many other parts of the country.

Some powerful forces are against fairness and realism—against the American people in this valley providing themselves with electricity on a cooperative basis and doing the other splendid things which TVA has done. Of course, these powerful forces haven't the courage to come right out against these things, so they mutter about "creeping socialism." They figure everybody will be scared by that and quit thinking. They're wrong. Americans are a lot smarter than that.

The Power Trust, which has tried to blow up TVA by political shenanigans ever since the first bucket of concrete was poured, has moved in on Washington since 1953. Mr. Eisenhower doesn't seem to know this, but when he finds it out he'll tell them to go on back to Wall Street and sit on their own chairs. Unfortunately, they seem to have managed to hire the Hoover Commission for an errand boy. Thanks to that leak, we've caught the errand boy snitching other people's pies and we can stop him before he gets off with the silverware. We must demand that these TVA recommendations of the Hoover Commission be published promptly and in full, so they can be debated in our Congress and submitted to our people. If that is done, we can save what we have built.

Mr. SPARKMAN. Mr. President, I also ask unanimous consent to have printed in the RECORD an editorial entitled "Mr. Hoover Shoots the Works," which was published in the Florence Times as a reprint from the Nashville Tennessean.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MR. HOOVER SHOOTS THE WORKS

Sweeping though it is, the Hoover Commission task force's plan for the destruction of the TVA is no more than might have been expected in a stacked report from a stacked committee.

It is no secret that the former President with ancient ideas has long nursed a fond desire to wreck the great democratic experiment which, for the first time in the history of man, developed the total resources of a river as a unified whole. He has said so publicly. His was the will, and his hand-picked task force on water power (to which not a single friend of public power was named) was left to find the way.

That the group did not intend to disappoint Mr. Hoover was made all too plain in the course of the biased hearings it conducted last year. Its eagerness to fit its findings to a preconceived pattern is only confirmed by the tidy little package it has now submitted in wrappings of "economy, "efficiency, and "reorganization."

The idea is simplicity itself. First, the nonpower functions—such as navigation, flood control, conservation and fertilizer research and development—would either be abandoned or parceled out among other Federal agencies. Then the power facilities would be sold or leased to either private interests or non-Federal public agencies.

Once that were done, TVA would be a dead duck. The system would be destroyed, and the concept of unified development smashed. Written off, too, of course, would be the yardstick theory of rate control that private power has found so galling. And Mr. Hoover could find smug satisfaction in being able to say that his mission had been accomplised.

We refuse to believe, however, that it will be that easy. For in his very extremism—of which this is but one example, although the most flagrant—the former President has vitiated the effectiveness of the current Hoover Commission.

Already there have been some laments that the recommendations of the group are getting nowhere, whereas some 70 percent of the proposals made by the first Hoover Commission were accepted by Congress.

A ready explanation, however, is found in Mr. Hoover's undisguised desire to use the new commission to try to peddle a philosophy of government he still holds even though the country repudiated it 2 decades ago. Given the authority this time to examine governmental activities from a standpoint of policy as well as organization, he has not surprisingly gone overboard in using it to plump for his own unreconstructed views.

As a result, even sound reforms which come within the proper scope of the Commission's work have generated little enthusiasm when handed to Congress along with others that sound as though they were warmed-over planks from the Republican Party's 1932 platform.

Granted that Mr. Hoover is not entirely alone in his anxiety to discredit the social and economic progress to which Federal progress has contributed since he left the White House, the fact remains that his desire to turn the clock back 20 years is not widely shared, even in his own party.

In the case of the TVA, is it not possible that he has done the authority more good than harm? Certainly his task force has dispelled all doubts about the ultimate goal of TVA's enemies. And the recommendation is so all-embracing that it should serve to alert not just the Congressmen from the TVA area but from every part of the country where the benefits of public development of power resources are enjoyed.

It would be dangerous to discount entirely the threat posed by the proposals drafted under Mr. Hoover's sponsorship, particularly in view of the White House's antagonism to public power in general and the TVA in particular.

But until Congress shows a greater inclination than it has thus far to surrender its policy-making prerogatives to the frustrated former President and his carefully chosen little band of yes men, the conclusion will remain that he has overplayed his hand.—Nashville Tennessean.

Mr. SPARKMAN. Mr. President, I also ask unanimous consent to have printed in the RECORD another editorial entitled "The President and TVA," which was published in the Florence Times, reprinted from the Memphis (Tenn.) Commercial Appeal.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE PRESIDENT AND THE TVA

If there are any supporters of public power in general or TVA in particular who have been cheered by President Eisenhower's newest words on the subject we warn them to look again.

What the President said was: "We will never wreck TVA. It is a going historical concern. It has served a useful purpose. It was put up for particular purposes and, actually, if you go back to the original bill, I don't think many people can quarrel about the purposes for which it was originally set up."

Notice repeated use of "original."

Sale of electricity had a minor place in the original TVA Act.

The legislation of 1933 is entitled: "An act to improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley, to provide for the national defense by the creation of a corporation for the operation of Government properties at or near Muscle Shoals in the State of Alabama, and for other purposes."

The opening paragraph says: "For the purpose of maintaining and operating the properties now owned by the United States in the vicinity of Muscle Shoals, Ala., in the interest of the national defense and for agricultural and industrial development and to improve navigation in the Tennessee River and to control the destructive flood waters in the Tennessee River and Mississippi River basins, there is hereby created a body corporate by the name of the "Tennessee Valley Authority."

Electric power is missing from these preliminaries.

Over in section 9a there is authorization for TVA to market power to assist in liquidating the cost after it has regulated "stream flow primarily for the purpose of promoting navigation and controlling floods." Section 10 authorizes sale of "surplus power."

On such phrases it is possible for the officials of private power companies and other bitter enemies of the TVA power business to deny opposition to TVA.

There is also in the original TVA Act a directive for promoting "the wider and better use of electric power for agricultural and domestic use, or for small or local industries." There is specific authority for building steam plants. The property first transferred to TVA at Muscle Shoals included a steam generating plant.

It is this promotion of wider and better use of electricity which has been so spectacularly successful. The promotion has taken electricity to farms and homes and small industries where it would never have gone under private power policies in use in the TVA region right up to the minute the TVA switch was opened. It has sold electricity in amounts unknown before.

It has provided a kind of warehouse of power on which the Nation could call when gigantic amounts of electricity were needed for atomic defense plants, and thereby caused TVA to build more plants to look after its original customers.

If these adventures into new ideas of how useful electricity can be, how big the market really is, how much power the people will use if they can—if these departures from the old normal had resulted in financial disaster the TVA question would never have risen.

But the power portion of TVA's work turned out so well that TVA directors have offered the Budget Bureau plans by which

it can be self-supporting, if the Budget Bureau and Congress will let it be that way.

This future of TVA's power business is what is in question. That is the reason President Eisenhower was asked about it.

On power the President said nothing.—The Memphis (Tenn.) Commercial Appeal.

Mr. SPARKMAN. Mr. President I also ask unanimous consent to have printed in the RECORD an editorial entitled "The Fundamentals of TVA—An Adventure in Faith," which was published in the Florence Times.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE FUNDAMENTALS OF TVA—AN ADVENTURE IN FAITH

For more than a century the Tennessee River was a stream of great undeveloped and wasted power, a potential inland waterway, a destroyer of life and property as it ran in flood, year after year. American capital, private and public, bypassed the Tennessee Valley and chose instead to invest in other regions. Why? The priceless resources of the area—sunshine, soil, water, and human beings—were not working together.

The creation of TVA May 18, 1933—22 years ago—established a new administrative resource to restore harmony. TVA's job was to rebuild the river so it would serve and not destroy. TVA's job was to see to it that the facts about the wise use of water, soil, minerals, and climate were discovered and made available to become part of the everyday working life of the people and their State and local governments.

These are the essential facts of the TVA's 22-year story:

1. Flood control is now an accomplished fact.

2. A 9-foot navigation channel 630 miles long connects the Appalachian Mountains with the Mississippi River. Freight traffic in ton-miles has increased thirty-fold since 1933, and the end of the growth is nowhere in sight. Shippers save $12 million a year using cheaper water transport. The safe, slack water lakes are never idle, winter or summer, day or night.

3. Today, the Tennessee River neither destroys nor sinks into idleness. Waterpower once wasted now is transformed into electricity, consumed by households, farmers, industries, and great atomic plants. It earns more than enough revenue to pay its own costs and repay the Federal Government for its appropriations invested in power. Demand for electricity for defense and peacetime use has outstripped the power capabilities of the river, requiring huge steam plants which soon will be TVA's main source of power—and this investment too is repaid to the Government through power earnings.

4. TVA's low electric rates have been an example for the Nation and a check on the power rates of privately owned utilities. Consumer savings resulting from lower private power rates—and among the important consumers is Uncle Sam—run to the hundreds of millions of dollars. Earnings for the private utility stockholders at the same time have swelled.

5. Fertilizers developed, tested, and demonstrated by TVA are speeding a revolution in southern agriculture. Pastures are supplanting boom sedge and sassafras briers. Dairying and stock farms are returning a better living than corn or cotton. Forest industries are growing and trees are becoming a money crop. Erosion is declining and water is retained to do its work on the land. The use of fertilizer is increasing nationwide.

6. By stimulating the interest of State and local agencies close to the people, TVA has opened new avenues for joint action against common problems, strengthening State and local initiative. Real incomes are rising, creating new buying power for the entire country. Per capita income in the valley has gone from 44 percent to 60 percent of the national average.

7. TVA power furnishes the base for some of the most strategic defense industry of the Nation. Two giant atomic plants operate in the valley, as well as a great Air Force supersonic wind tunnel, a guided missile installation, and vital light metal industries for jet aircraft; these defense plants and industries will by 1957 be using 75 percent of TVA power.

These are some of the facts which have made TVA's 22 years of creative effort a cooperative adventure in faith—faith in man's ability to voluntarily achieve harmony between human pursuits in making a living and nature's fruitful habits of growth and production.

And these are some of the reasons why TVA dams carry the label "Built for the People of the United States." Today, sunshine, soil, water, and human beings are working together in a once economically depressed Tennessee Valley.

All America benefits.

Mr. SPARKMAN. Mr. President, I also ask unanimous consent to have printed in the RECORD an editorial entitled "Blind Prejudice," published in the Denver Post.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

BLIND PREJUDICE

The Hoover Commission, we fear, has become so obsessed with the idea that Government is competing unfairly with private business that its judgment is no longer entirely trustworthy.

There may be instances of unfair or unjustified competition but the fertilizer research and manufacturing program carried on by the Tennessee Valley Authority, about which the Hoover Commission complains in a recent report, is not one of them.

The Commission pretends alarm because TVA manufactures 4 percent of the national output of phosphate and nitrate fertilizers—not a very substantial share. It objects because TVA sold fertilizer in 35 States last year and is no longer a regional enterprise, as originally contemplated.

Actually, Congress, when it established the TVA, showed that it intended the fertilizer program of TVA to benefit agriculture generally, not merely the agriculture of the Tennessee Valley.

TVA research should be stopped, the Hoover Commission says, and TVA should be forced to increase its price for fertilizer to include all costs including fictitious tax costs that a private industry would pay.

It seems obvious that the Hoover Commission has no understanding of the basic reasons for the TVA fertilizer program. Perhaps it is not aware that TVA is authorized even to give away its fertilizer if such donations will stimulate farmers' interest in soil building practices.

Instead of being a menace to private fertilizer companies, TVA has been one of the best friends that industry has had. Its research has helped private industry to make better fertilizers. TVA patents are used by private industry without cost.

TVA's highly successful program of educating farmers to the proper use of fertilizers has created a big demand for the fertilizers put out by private companies. TVA's role has been one of pioneering. Its work has helped bring about a revolution in agricultural methods.

It is now preparing to get out of the manufacture of concentrated superphosphate to push other fertilizer products into trial and use.

We fear the Hoover Commission has a blind prejudice against TVA which is not justified by actual performance.

THE HOOVER COMMISSION

Mr. SPARKMAN. Mr. President, finally I ask unanimous consent to have printed in the RECORD an editorial entitled "Achievement: Zero," published in the St. Louis Post-Dispatch, which deals with the Hoover Commission and its work.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ACHIEVEMENT: ZERO

The second Commission on Organization of the Executive Branch of the Government has just requested and received from Congress a quarter of a million dollars on top of the $2½ million it had already spent. Has its work justified these large expenditures of the taxpayers' money?

A fairly clear answer ought now to be possible, for the Commission is well into the final phases of its activities. With a 1-month extension just granted by President Eisenhower, its life will end at the close of June, and it must finish getting out its reports within an additional 90 days.

Since both the first and second commissions have borne the same name, have been headed by former President Hoover, and have been popularly known as the Hoover Commission, one might suppose them similar. Without question the first Commission performed a notable public service in proposing measures to improve the efficiency of the Federal Government. The second Commission, however, is totally different from the first, both in makeup and purposes.

The makeup of the first Hoover Commission was bipartisan. It consisted of 6 Republicans and 6 Democrats.

The makeup of the second Hoover Commission is predominantly Republican. There are 5 Democrats and 7 Republicans.

The purpose of the first Hoover Commission was to make the Federal Government more efficient by improving its organization and operations. The purposes of the second Hoover Commission are to recommend "abolishing services, activities, and functions not necessary to efficient conduct of Government, or more properly falling under jurisdiction of State or local governments, or competitive with private enterprise."

As head of the first commission, Mr. Hoover took scrupulous care to avoid political partisanship. As head of the second commission, Mr. Hoover has been bitterly and continuously engaged in right-wing Republican politics. He has advocated selling TVA to private utilities. He and his task forces have attacked the New Deal and the Fair Deal. They have attacked the Eisenhower Administration for continuing and extending the New Deal and Fair Deal reforms.

The first Hoover commission saw some three-fourths of its recommendations enacted into law. The second commission has submitted 11 of its eventual 16 reports, but no part of any one of them has been enacted into law or has even been embodied in a bill for submission to Congress. The commission itself has not submitted a bill for effectuating any of its proposals, although empowered by law to do so.

So against the 75 percent score of the first Hoover commission, the second Hoover commission score to date is zero.

There must be meritorious suggestions among the second commission's reports on the Armed Forces, the civil service, the lending, insuring and guaranteeing activities of the Government, transport functions, paperwork management, judicial functions, and other subjects of its studies. But these meritorious proposals are submerged under a crushing burden of propaganda and invective.

What Mr. Hoover seems to fail to realize, in this amazing effort to turn the clock at

Washington back to the time of the Hoover Administration, is that the reforms he wants to abolish were enacted with the approval of an overwhelming majority of the voters of this country.

The hard truth is that the second Hoover commission does not command the respect or support of the public as did the first. The unfairness of stacking the commission in favor of one party put it under a cloud from the outset. The further unfairness of stacking the task forces in favor of the private-business point of view further diminished the commission's influence.

Former Senator Ferguson of Michigan, who with Representative BROWN of Ohio fathered the second Hoover commission, made no bones about the prejudged purpose. "This will give us an opportunity at last," he said, "to reverse the trend of the last 20 years. * * *"

We submit that the second Hoover commission has not produced $2,750,000 worth of results or any part of it. In an economy administration, what justification can there be for the expenditure of millions of dollars of the taxpayers' money on this noisy but totally unproductive performance?

SETTLEMENT OF STRIKE AT FORD MOTOR CO.

Mr. NEUBERGER. Mr. President, the settlement reached by the Ford Motor Co. and the United Automobile Workers is a demonstration of industrial statesmanship. It shows that collective bargaining can work when men want it to work. It points the way to a higher standard of living and to industrial peace.

Both sides made concessions to avoid a paralyzing strike. Walter Reuther and his associates in the union gained their principle of a guaranteed annual wage, but along the modified lines proposed by the Ford Co., rather than under the original union formula.

This, it seems to me, is the ideal route in a great democracy. Each side yields to some degree. The result is a stride on the highway of progress—perhaps a longer stride than some desired, maybe a little shorter than a few had urged. But I think the whole Nation owes a debt to the CIO union and to the vast manufacturing empire, because both forces were willing to temper their positions in order to keep our economy in high gear.

Not all labor negotiations will follow this pattern in the immediate future, if for no other reason than the fact that few industrial plants have the vast resources of the Ford Motor Co. Nor is every industry the giant automobile industry. But this agreement may, eventually, be the formula in certain other industries, and it is well for the public to understand that this development could well be historic.

I notice that the National Association of Manufacturers has condemned the agreement between the UAW and the Ford Co. One only can wonder where America would be today if, in all instances, its people had accepted the counsel of the National Association of Manufacturers? Would there be any social progress at all? Would we be out of the cave, in terms of living standards? Would there be any protective safeguards whatsoever for men, women—yes, and children—in industry?

I would rather trust the judgment of the United Automobile Workers and the Ford Motor Co., reached across the conference table, than that of the NAM. I ask that a very illuminating editorial from the June 7, 1955, issue of the Washington Post and Times Herald, entitled "Settlement at Ford," be printed in the RECORD at this point as part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SETTLEMENT AT FORD

The historic agreement signed yesterday by the Ford Motor Co. and the CIO United Automobile Workers is based on the concept of an expanding economy. The stock market reacted to the news of the settlement with a burst of confident activity. There will be no big automobile strike this year, for General Motors and Chrysler almost certainly will accept the Ford formula. This means uninterrupted operation of the industry that has sparked the current business expansion. It is another good break for the Eisenhower administration. Happily, there seems to be a much larger demand for cars than had been estimated earlier in the year.

Walter Reuther is the immediate victor in this settlement because he has established the principle of the guaranteed wage. However, the Ford Co. makes a big point of the fact that the settlement plan was conceived and formulated by Ford executives. Wherever the credit for the settlement is due, a principle has been established that will be relatively easy to maintain in good times and exceedingly difficult to support in times of stagnation and contraction. The pressure on business as well as Government to promote full business activity, therefore, will be exceedingly great. Moreover, the motor companies will be under real compulsion to stagger their production schedules in such a way as to reduce to the minimum the periods of slack employment. Already they have moved a long way to reduce the period of unemployment caused by the change of models, and they will, no doubt, be able further to reduce this period.

Mr. Reuther did not get his guaranteed annual wage in the form he wanted it, but he came close enough to be happy. The formula should help sustain the purchasing power of workers without causing unbearable hardships on the large corporations. However, it is difficult at this time to see what the effect will be on the auto suppliers and on the small automobile producers. Here again there appears to be an unintended but disturbing pressure toward monopoly. If Mr. Reuther insists upon the same terms with the smaller automobile manufacturers, he may drive them to the wall. In any event, it would not be surprising if the small companies were forced by these and other circumstances to combine in a single company in order to compete with the Big Three. It is highly important that States adjust unemployment benefits to the needs of the times for the protection of smaller companies generally.

While the overall labor cost increase to the Ford Co. is very large—about 10 percent—it should not have an immediate inflationary effect on the economy generally. After all, the auto industry employs only about 1½ percent of the total American labor force. Despite the fact that the settlement will spur other wage increases in many sectors of the economy, the inflationary pressures should be controllable. Moreover, by the end of the year it may be highly desirable to have an expanded purchasing power.

If the wage increases should be quickly passed on to the consumer, however, there would be few benefits. A general boost in the price of cars might result in a slump in auto sales. Labor has a heavy responsibility, therefore, to cooperate in other economies and to work toward increased productivity through the use of new machines. If auto prices are to be held in line or even reduced, automation must be accepted for what it is: a method of raising the general living standard.

PROPOSED AMENDMENT OF NATURAL GAS ACT

Mr. NEUBERGER. Mr. President, on May 18, 1955, the City Council of Portland, Oreg., adopted a resolution opposing legislation to amend the Natural Gas Act so as to nullify the decision of the Supreme Court of the United States that under that act producers are subject to the regulatory authority of the Federal Power Commission, and to exempt them from the act.

The text of the resolution has been printed in the RECORD at the request of my senior colleague [Mr. MORSE], and has been referred to the Committee on Interstate and Foreign Commerce. At this point, Mr. President, I ask unanimous consent to place in the RECORD my reply to the Portland City Council.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

Mayor FRED L. PETERSON,
Council of the City of Portland,
Portland, Oreg.:

In passing Resolution 26577 to oppose abandonment of Federal control over natural gas prices, you have taken a step in the public interest, not only of Oregon but of all gas-consuming areas in the country. The stand of the council is particularly foresighted because Portland will soon be served by natural gas. The consumers of this fuel can be assured a reasonable rate structure only through effective and vigilant regulation. I expect to vote against any bill to withdraw such Federal regulation which may reach the floor of the Senate.

Regards,

RICHARD L. NEUBERGER,
United States Senate.

TRIBUTE TO FERIDUN CEMAL ERKIN, RETIRING AMBASSADOR FROM TURKEY

Mr. BRIDGES. Mr. President, one of the most distinguished members of the Diplomatic Corps in Washington will leave us shortly. I refer to the Ambassador of Turkey, Feridun Cemal Erkin, and I believe that his abilities and achievements should be invited to the attention, not only of this body, but of the American people as well.

Ambassador Erkin was educated in Istanbul and later in Paris, where he majored in law. Upon his return from Paris he served as Secretary General to the International Turko-Greek Exchange Commission from 1925 to 1927.

His first diplomatic assignment was to Prague and later to the Turkish Embassy in London where he served as First Secretary in 1928 and 1929. Subsequently he served as Counselor and Chargé d'Affaires in Berlin, and as Turkish Consul General in Beirut.

In 1937 he returned to the Foreign Office and was promoted to the rank of Director General of the Commercial and Economic Department of the Ministry and then to head the Political Department of the Turkish Foreign Office.

After 3 years' service as Director General of the Political Department Ambassador Erkin was promoted, in 1942, to Assistant Secretary General with the rank of Minister and in 1944 he became Minister Plenipotentiary. In 1945, he was promoted Ambassador and became Secretary General, a rank equal to our Under Secretary of State.

During his tenure of office as Secretary General, especially in the course of the tense years of the postwar period, Ambassador Erkin countered successfully all manifestations of Soviet pressures and in 1946, when the Soviets delivered the well known notes to the Turkish Government demanding the common defense of the Straits, he personally prepared the responsive communications refuting from political, legal, and military standpoints all the Soviet demands and arguments. These two notes were praised at the time in all the capitals of free Europe as being diplomatic masterpieces.

His transfer to Washington took place in June, 1948. Feridun Cemal Erkin, since the very day of his mission in the United States, has spared no efforts to further strengthen the bonds of cooperations existing between the United States and his country.

Ambassador Erkin has attended the following international conferences as a member of the Turkish delegation:

Advisor to the Turkish delegation to one of the sessions of the Disarmament Conference in Geneva.

Advisor to the Turkish delegation to the Conference convened in Paris in 1932 to liquidate the Ottoman Public Debt.

Advisor to the final session of the Balkan Entente which took place in Belgrade in 1940.

A delegate to the United Nations Conference in San Francisco, 1945.

Chairman of the Turkish delegation to the final session of the Leauge of Nations in Geneva, 1946. Vice President of the General Assembly of the League.

Chairman of the Turkish delegation to the Conference to conclude a Treaty of Peace with Japan in September, 1951, at San Francisco.

Mr. Erkin has been elected in 1949 member of the International Diplomatic Academy in Paris, France. He is a member of the Academy of Political Science of New York.

It is particularly noteworthy that Ambassador Erkin received, in March 1953, from the Aviator Post No. 1, of the American Legion, a citation which addressed him as the "Courageous Son of a Courageous Nation." The tremendous contribution of Turkish fighting men, as our Allies in Korea, is well known—it does not require repetition. It is sufficient to say that Ambassador Erkin has ably represented a powerful and respected member of the community of free nations, and I am particularly pleased that he has been so recognized by this American Legion post.

This same spirit was demonstrated in February 1954, when Ambassador Erkin was made honorary citizen of the city of Dallas, Tex., by a decision of its city council.

I am very pleased to have this opportunity of saying "well done" to a man who has been an able representative of the Republic of Turkey and a good friend of the United States.

REBUKE OF AMERICAN LEGION NATIONAL COMMANDER COLLINS BY ADM. EARL MOUNTBATTEN

Mr. BRIDGES. Mr. President, there appeared in the June 7 issue of the Washington Post and Times Herald a news item reporting that Adm. Earl Mountbatten, Britain's first sea lord, had rebuked National Commander Seaborn P. Collins of the American Legion because of the commander's condemnation of communism in general.

Lord Mountbatten delivered his remarks before the British Empire Ex-Servicemen's League shortly after Commander Collins had spoken.

Mr. President, I take this occasion to praise the national commander of the American Legion for his comments and, insofar as it is possible for an American to do so, reprimand Lord Mountbatten.

The remarks which offended the first sea lord were those in which the national commander warned against Communist peace offensives.

Commander Collins' further statement was:

> The godless tyranny of communism is a more eternal and continuing threat to our existence as free nations than any which existed during the darkest hours of World War II.

I think Commander Collins is to be commended for that statement. I am proud that the American Legion has a leader like Commander Collins, and that he has the courage to stand up and say such a thing. I commend him for saying it in London. I disagree wholeheartedly with Lord Mountbatten, who criticized the commander of the American Legion for pointing out the dangers to the free world of international communism and the great international conspiracy. I am glad American leaders are speaking out.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks the article entitled "Legion Head Gets Rebuke for Red Blast in Britain," published in the Washington Post and Times Herald.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LEGION HEAD GETS REBUKE FOR RED BLAST IN BRITAIN

LONDON, June 6.—Adm. Earl Mountbatten today rebuked National Commander Seaborn P. Collins of the American Legion for a speech blasting communism in general instead of concentrating on the welfare of ex-servicemen.

The reprimand came in Mountbatten's remarks to a conference of the British Empire Ex-Servicemen's League shortly after Collins warned the conference against Communist peace offensives.

Mountbatten, Britian's first sea lord and wartime commander in Southeast Asia, told the gathering:

"I would point out to Mr. Collins that we confine ourselves to the ex-servicemen, which is the main objective of the league. It is outside politics."

Earlier, Collins launched into one of the bitterest condemnations of communism ever heard at a public meeting in Britain.

"The godless tyranny of communism is a more eternal and continuing threat to our existence as free nations than any which existed during the darkest hours of World War II," he told the delegates of 39 countries.

Admitting it would be more diplomatic to avoid discussion of communism, the American Legion commander said he nevertheless felt compelled to meet the issue head-on.

"Appeasement will never stop aggression," he said. "We must not be deceived by continuous peace offensives.

"The Communist tactics may change from time to time to meet changing conditions, but their basic purpose never changes. We know this and we know you cannot do business with a blackmailer."

NECESSITY OF AMENDMENT TO PRESENT IMMIGRATION AND NATURALIZATION ACT

Mr. WILEY. Mr. President, I have long felt that constructive changes should be made in our current immigration and naturalization laws in the interest of expedition, justice, and fair play.

I have felt that the codification of these laws represented an important forward milestone, but that the newly codified statutes could be revised in the light of our recent experience, without in any way doing harm to the basic need for security.

We all recognize that residence in the United States—both on a temporary or a permanent basis—is a great privilege, and we do not want it abused.

We know that world communism has sought to infiltrate the ranks of immigrants, and that such infiltration is not only harmful to the cause of American security, but that it tarnishes unfairly the good name of immigrants as a whole.

Of course, we are a country of immigrants. My own parents came from the Old World. I have seen the miracle of assimilation into the American fabric occur all around me in my native State.

President Eisenhower has pointed up the revision problem to which I have just referred. I hope that the Immigration Sub-Committee of the Senate Judiciary Committee will give its early and earnest consideration to his recommendations.

I hope too, that a common meeting ground can be promptly found in the interest of the various goals I have set forth.

I send to the desk now the text of a letter which I have received from the Milwaukee region of the Women's American Organization For Rehabilitation Through Training—a letter similar to many other earnest expressions which I have received from my State.

I ask unanimous consent that it be printed at this point in the body of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SUMMIT CHAPTER,
WOMEN'S AMERICAN ORT,
MILWAUKEE REGION,
April 1, 1955.

President DWIGHT D. EISENHOWER,
The White House, Washington, D. C.

DEAR MR. PRESIDENT: In keeping with celebration of Brotherhood Week, the Summit Chapter of Women's American Organization of Rehabilitation Training recently presented

a program devoted to explanation and discussion of the McCarran-Walter Immigration Act.

As a result of this discussion, our members concluded that this act contains many discriminatory measures in conflict with our democratic ideals of equality. Since our organization is devoted to the purpose of freeing people to help themselves through vocational rehabilitation, it naturally follows that we use our efforts to permit people to apply the knowledge and skills imparted to them without discrimination or injustice.

Accordingly, we, the undersigned, respectfully request you to use your good office to expedite the revision, repeal, or replacement of this act regarding which you have previously expressed disapproval along with numerous other informed citizens and groups such as ours.

Respectfully yours,

Mrs. MAX LUBOTSKY,
President.

UNITED STATES PRIVATE BUSINESS INVESTMENTS ABROAD

Mr. WILEY. Mr. President, I have long been deeply interested in encouraging sound private United States investment overseas.

Last year, at the Inter-American Economic Conference outside Rio de Janeiro, it had been my privilege, in speaking to the delegates, to emphasize the importance of their own contributing to a favorable climate for American private investments.

I emphasized quite frankly that there are abundant opportunities for the investment of private risk capital here at home with comparatively handsome returns.

I pointed out that if foreign lands expected to increase United States private investments within their borders, certain important steps were necessary to be taken by these countries. I stated, in turn that I felt sure that the United States Government would uphold its end by continuing to increase its effort to stimulate private investments abroad.

Last Thursday afternoon, by way of helping this process, it was my personal pleasure to arrange for a special luncheon conference. It consisted of legislators, Government officials, and private business leaders. Its subject was ways and means of encouraging private investment overseas.

I was pleased that a very impressive group of leaders in various outstanding walks of life interrupted their busy day to be present with me.

I send to the desk a statement which I have prepared on this subject, and ask unanimous consent that it be printed at this point in the body of the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY

How can United States businesses be stimulated to increase their investments overseas, so that foreign countries can be aided in their economic development?

How can private enterprise "pick up the ball," so to speak, so that thereafter, there will be less reliance on official Federal activities? What, precisely, can the Federal Government — legislative and executive branches—formally and informally—do to stimulate private investment?

These were some of the important questions to which the attendants at the luncheon conference on June 2 addressed themselves.

We heard a wide variety of interesting statements, and there was considerable similarity in the views spontaneously expressed.

COMMENT BY OFFICIALS

Dr. Arthur Burns, Chairman of the President's Council of Economic Advisers, began the discussion by describing the administration's overall efforts to stimulate private investment abroad as did W. Randolph Burgess, Under Secretary of the Treasury for Monetary Affairs. Particular reference was made to the very promising International Finance Corporation proposal now being studied by the Senate Banking Committee.

Mr. Eugene Black, president of the International Bank for Reconstruction and Development presented an account of the work of that great institution. And General Glen Edgerton, Chairman of the Board of the Export-Import Bank described the work of his organization.

Mr. Samuel Anderson, Assistant Secretary of Commerce, ably represented Secretary Sinclair Weeks (who unfortunately had a previous commitment). Mr. Anderson commented very realistically on the problem of the inevitable competition between opportunities for foreign investment as against abundant local opportunities. Foreign countries in turn should recognize that such a competition for the investment of United States risk capital very definitely exists and that they should evaluate their policies and statutes in relation to foreign capital on the basis of that competitive fact.

Mr. Eric Johnston, Chairman of the International Development Advisory Board and president of the Motion Picture Association of America commented on the fact that unfortunately in spite of strenuous efforts to the contrary, the disparity of well-being between some nations is widening, rather than narrowing. The underdeveloped lands, while making very welcome progress, are falling further behind in the gap between themselves and the nations most highly advanced technologically.

NEED FOR REDUCTION IN TAX RATE

Mr. Juan Trippe, president of the Pan-American World Airways, clearly described some of the specific challenges and problems of foreign investment abroad.

He soundly brought up an issue which was thereafter discussed by other speakers, namely, the need for action on the Secretary of the Treasury's recommendation for the reduction of 14 points in tax rates on overseas investment, as a means of encouraging United States business to invest abroad.

This point was reiterated by Mr. Theodore Houser, chairman of the board of Sears, Roebuck & Co. He described the very interesting work of the six Sears corporations in Latin America. He rightly emphasized that, although we may speak of Latin America as a whole, each of the countries is unique in its own ways. Mr. Houser pointed up certain specific problems raised by currency devaluation in some foreign countries and inability to receive local bank credit on the basis of consumer loan paper.

PROPOSED CITIZEN INVESTMENT

Mr. Benjamin Javits, president of the World Development Corp., described his broad-gaged proposal to encourage investment by millions of average Americans in such a corporation for the purpose of providing a sufficient pool of capital for diverse investment in private enterprises overseas. This view had been expounded earlier in his stimulating book, Peace by Investment.

Mr. Javits proposal has received considerable attention in expert government and private circles in our own country and abroad.

Congresswoman FRANCES BOLTON praised the idea of encouraging average private citizens at the grassroots to participate in United States investment overseas on a sound basis, perhaps through small amounts of a few dollars weekly.

Mr. Burl Watson, president of the Cities Service Co. described some of the experiences of his company in its overseas activities.

The Honorable Jacob K. Javits, attorney general of the State of New York, spoke in his capacity as a private citizen and as a former chairman of the House of Representatives Foreign Affairs Subcommittee on Foreign Economic Policy. He emphasized the need for a program of broad enough scope to cope with the tremendous investment problem overseas—a program of this type offered by the World Development Corp. which he commended to further earnest review.

Others who spoke briefly included Mr. John White, counsel of Anderson-Clayton Co.; Mr. A. L. Partridge, vice president of Westinghouse Electric International; Mr. Samuel Pryor, vice president of Pan American World Airways; and Miss Julie Medlock, vice president of the World Development Corp.

NUMEROUS LEGISLATORS PRESENT

We were pleased to have a considerable representation of leading Members of Congress at the meeting.

These included Congressmen JOHN VORYS, of Ohio; STERLING COLE, of New York; CLARENCE BROWN, of Ohio; FRANCIS WALTER, of Pennsylvania; STUYVESANT WAINWRIGHT, of New York; BRENT SPENCE, of Kentucky; HUGH SCOTT, of Pennsylvania; as well as my colleagues, Senators STUART SYMINGTON, of Missouri; RUSSELL LONG, of Louisiana; and W. KERR SCOTT, of North Carolina.

Also present was a staff member, Mr. Julius N. Cahn, counsel of the Senate Foreign Relations Committee, who had helped me set up the meeting.

Only the fact that the Senate was at that very moment concluding its debate of the 1956 mutual security bill prevented the attendance of a considerable number of other Senators who had indicated their deep interest in the overall subject.

Likewise, a number of outstanding business leaders like Mr. Charles E. Wilson, chairman of the board of W. R. Grace & Co., and Mr. Victor Emanuel, chairman of the board of AVCO Corp., had hoped to be on hand but were unfortunately prevented by previous commitments.

SUMMARY

I personally concluded the meeting with the observation that, of course, no subject of this importance and complexity could even be begun to be studied in so brief a luncheon meeting, but that I felt that the discussion had provided food for thought.

I have not, of course, attempted in this summary to cover even a fraction of the points which were raised at the meeting, but have tried only to touch upon a few of the high spots.

Reference, for example, was made to the recent notable New Orleans Conference on Inter-American Investment cosponsored by Time-Life International and New Orleans International House. Out of that conference is coming, among other beneficial results, a $10 million inter-American investment fund, arranged by Lehman Bros., a particularly promising development.

LATIN AMERICAN OPPORTUNITIES

I feel sure that in the months to come the present $6 billion in United States capital and the 2,000 United States-financed enterprises, represented in Latin America alone, will be widely supplemented.

Right now, as a matter of fact, 39 percent of all United States private direct foreign investment is in Latin America. Canada follows with 31 percent, Western Europe with 14 percent, and all others areas trail with 16 percent.

There are vast frontiers for investment ahead. But we can hardly speedily approach these frontiers in the face of such

difficult problems as occasional foreign confiscations of investment, ofttimes rigid restrictions on withdrawal even of modest earnings, inconvertibility of currency, and the like.

Moreover, the unwillingness of some foreign lands to put their financial houses in order—to curb rampant inflation, for example—is a serious impediment.

These and other problems must be squarely met. Fortunately, progress is being made.

All over the world United States businessmen are enterprisingly blazing new trails for new and expanded industries.

United States construction companies in particular are literally remolding the face of entire regions and foreign-city areas.

The best is yet to be in world economic cooperation for peace, security, and prosperity.

LETTER FROM JOINT COMMITTEE ON BACKGROUND OF DISAGREEMENT ON LOWERING TAX RATE

I conclude now by reprinting the text of a letter from the Joint Committee on Internal Revenue—a background reply sent me at the start of this year in response to an inquiry I had made on behalf of lowering the tax rate on United States private earnings throughout the world. Unfortunately, the differences reflected in this letter have prevented action to date on the reduction proposal.

I hope, in conclusion, that the June 2 luncheon conference may prove a contribution, however small, in progress toward this and other worthwhile objectives.

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,
Washington, January 6, 1955.

Hon. ALEXANDER WILEY,
United States Senate,
Washington, D. C.

DEAR SENATOR WILEY: You have requested a summary of the provisions contained in H. R. 8300 (83d Cong., 2d sess.) which provided a lower rate of tax for foreign income. You have also inquired as to the reasons why these provisions for a lower rate of tax for foreign income in the House bill were not accepted upon final enactment of H. R. 8300 as the Internal Revenue Code of 1954.

Under the 1954 code (and under prior law), there is no differential on tax on foreign and domestic income except for a lower rate of approximately 14 points on income derived by domestic corporations which qualify as Western Hemisphere trade corporations.

Provisions were contained in the House bill (H. R. 8300) which would have granted to domestic corporations a reduction in United States tax equal to 14 percent of income from sources within any foreign country provided certain tests were met which were set forth in those provisions. In general, these tests required that the foreign income be derived from the active conduct of a trade or business in the foreign country. A trade or business was specifically defined so as to exclude, however, the following: (1) The operation of an establishment engaged principally in the purchase or sale (other than at retail) of goods or merchandise, or (2) the maintenance of an office or employment of an agent (other than a retail establishment) to import or to facilitate the importation of goods or merchandise. Thus, income derived by a foreign business establishment engaged principally in selling goods (other than at retail) did not qualify for the rate reduction.

In addition to income derived from foreign subsidiaries or branches of domestic corporations engaged in the active conduct of a business in a foreign country, the rate reduction was also extended to income derived from foreign sources as compensation from technical, engineering, scientific, or like services.

The House bill also contained provisions whereby domestic corporations could elect to defer tax on income of certain foreign branches in a manner similar to the way in which tax on the income of foreign subsidiaries is deferred. In other words, foreign income derived from the qualifying foreign branches would not be subject to United States tax until brought home. In order to qualify, the foreign branches were required to be engaged in the active conduct of a trade or business with the same definitional requirements of a trade or business as contained in the foreign income credit. When brought home, the income of the foreign branches would, under the House bill, have then been entitled to the 14-point rate reduction.

In the public hearings held by the Senate Finance Committee on H. R. 8300, objections were raised to the above provisions of the House bill. These objections were principally directed to the restrictions which denied the 14 percent credit to foreign business consisting principally of wholesale merchandising. For example, in a prepared statement by George F. James, chairman of the National Foreign Trade Council Tax Committee, and Mitchell B. Carroll, special counsel of the National Foreign Trade Council Tax Committee, it was indicated that the provision of the House bill contained needless restrictions with respect to the types of business activities which could qualify for the special rate differential. Mr. James and Mr. Carroll stated:

"Many businesses with very substantial existing and prospective investments abroad will find it necessary to consider artificial divisions of their integrated business in an attempt to qualify a portion of the gross income within the restrictive language of section 923. Furthermore, there seems no reason to exclude from the intended benefit genuine and real business activities conducted abroad merely because they fall in the trading or wholesale category" (hearings before the Committee on Finance, pt. 2, p. 860).

It was suggested instead in their statement that the objectives of the House bill could be obtained by substituting for the restrictive provisions contained therein a provision that at least 90 percent of the income be derived from the active conduct of a trade or business through a permanent establishment situated within a foreign country.

A statement by the Federal Tax Forum, presented at the hearings by Paul D. Seghers, similarly criticized the above provision of the House bill as being wrong in principle. He indicated that the 14 percent credit should not be denied to income derived from the sale of goods (other than at retail), but instead that the credit should be allowed with respect to income resulting from all sales of goods outside the United States where substantial inventories, personnel, and a permanent establishment are maintained abroad for that purpose (hearings, pt. 2, pp. 890, 891).

Andrew W. Brainerd, of a Chicago law firm specializing in private international law, likewise criticized the restrictive provisions of the House bill. He suggested that American firms with sales representatives in foreign countries, such as drug manufacturers, should be entitled to the foreign income credit on their sales abroad, whether at wholesale or retail (hearings, pt. 3, pp. 1669–1673).

Laurence A. Crosby, chairman of the tax committee, American Chamber of Commerce of Cuba, stated at the hearings that the restrictions on the foreign income credit in the House bill would deprive many corporations of any benefit. He stated, "The sales establishments in Cuba represent considerable investments, yet for some unknown reason they would continue to be subjected to the competitive disadvantage suffered from having to bear the excess of the United States rate over the credit allowed against the United States tax for Cuban taxes" (hearings, pt. 3, p. 1634).

Eric Johnston, president of the Motion Picture Export Association, stated before the Senate Finance Committee that the provisions in the House bill for the foreign income credit would apparently not apply to the motion-picture industry since it appeared doubtful that film rentals, from which the motion-picture industry chiefly derives its foreign income, would qualify under the proposed provisions. He recommended that the House bill be amended to specifically apply the foreign income credit to the film rentals (hearings, pt. 2, pp. 723–727).

A statement submitted by E. R. Barlow and Ira T. Wender of the Harvard law School faculty indicated that their studies of foreign investment problems, together with their interviews with executives of United States corporations investing abroad, indicated to them that lower United States taxes would be unlikely to provide any significant stimulus to foreign investment. They stated that the proposal in the House bill would not stimulate foreign investment but would represent a bonus to concerns already engaged in investment activity in foreign countries, as well as a revenue loss substantially in excess of that estimated (hearings, pt. 3, p. 1722).

The provisions of the House bill providing a 14-percent credit for foreign income and for deferring tax on income from foreign branches were deleted by amendments made by the Senate Finance Committee. The following reasons were given for the deletion of these provisions:

"Your committee is not at this time prepared to adopt the approach to the problem incorporated in the House bill. This is new ground being explored and it presents uncertainties and difficult problems. Your committee has explored various alternative approaches but has been unable to find a solution which appears satisfactory.

"Accordingly, your committee has omitted the proposal from the bill as reported by it with the thought that exploration of the matter in conference with the House of Representatives will make it possible to adopt a provision which would be satisfactory." (S. Rept. No. 1622, 83d Cong., 2d sess., p. 105.)

The committee of conference on H. R. 8300 accepted the Senate's deletion of the above provisions of the House bill with the following explanation:

"It is the opinion of the managers on the part of the House that in view of the numerous objections raised to the specific provisions of the House bill, the large amount of revenue involved (approximately $145 million), and the difficulty in working out a satisfactory provision in conference, the foreign income provisions should be omitted from the bill and postponed for a more thorough study." (Conference Rept. No. 2543, 83d Cong., 2d sess., p. 68.)

The provisions of the House bill which dealt with the above problems, together with the Ways and Means Committee report in explanation of these provisions, is attached to this correspondence as a supplementary memorandum.

Sincerely yours,

COLIN F. STAM,
Chief of Staff.

PROBLEM FOR THE BAR

Mr. WILLIAMS. Mr. President, in the Washington Daily News of June 6, 1955, there appeared an editorial entitled "Problem for the Bar." In this editorial they point out that "in the legal profession, ethics is the specific and lawful responsibility of the bar associations." They call upon the American Bar Association to exercise a greater de-

gree of responsibility in maintaining a higher standard among their membership. I think this is a most timely reminder to the American Bar Association, and I ask unanimous consent that the editorial be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PROBLEM FOR THE BAR

A great many public officials also are lawyers. Most of them, from city councilmen to United States Senators, practice law on the side, despite their official jobs.

When they choose their cases carefully, it probably doesn't matter much.

But when they accept cases and clients which obviously come to them only because of their official connections, they're asking for trouble.

At the best, these situations have the earmarks of influence peddling. At the worst, they have almost the stench of bribery.

Off and on, there have been efforts to curb the worst of these abuses.

A bill is going before Congress to prevent the United States Commissioner for the District from practicing any law on the side.

This follows disclosure that the Commission, as a private attorney, billed 11 Spanish musicians $9,900 for routine legal services he performed in an effort to keep them in the country.

Representative KENNETH B. KEATING, Republican, of New York, who is introducing the bill, said:

"This representation of private clients before a Federal Government agency by an official of the Federal courts raises serious questions of propriety."

That's a cautious understatement.

But the Commissioner's case is one of many. Others which differ in degree, but not in principle, include:

The State legislators who turn up as well-paid attorneys for powerful interests like railroads and utilities.

Or the city councilmen who defend gamblers and other crooks, and whose presence in court too often is interpreted by police as backdoor city hall endorsement of certain types of crime.

No law, or series of laws, could cover all these situations, nor correct all the evils they generate. Actually, it's more a question of ethics than of law.

In the legal profession, ethics is the specific and lawful responsibility of the bar associations.

The whole machinery of American justice is in the hands of lawyers. Bar groups ought to make sure—doubly sure—that these always are clean hands.

Mr. JOHNSON of Texas. Mr. President, if there is no further morning business——

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed the bill (S. 2061) to increase the rates of basic compensation of officers and employees in the field service of the Post Office Department, with amendments, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Acting President pro tempore:

S. 153. An act to amend the Rural Electrification Act of 1936;

H. R. 3825. An act to make retrocession to the Commonwealth of Massachusetts of jurisdiction over certain land in the vicinity of Fort Devens, Mass.;

H. R. 4294. An act to amend section 640 of title 14, United States Code, concerning the interchange of supplies between the Armed Forces; and

H. R. 4725. An act to repeal sections 452 and 462 of the Internal Revenue Code of 1954.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 7, 1955, he presented to the President of the United States the enrolled bill (S. 153) to amend the Rural Electrification Act of 1936.

HOUSING ACT OF 1955

The Senate resumed the consideration of the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

Mr. JOHNSON of Texas. Mr. President, in view of the fact that time is running, and the fact that Senators are about to make general statements on the housing bill, I ask unanimous consent that I may suggest the absence of a quorum without the time being charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Frear	McClellan
Allott	Fulbright	McNamara
Anderson	George	Millikin
Barkley	Goldwater	Monroney
Barrett	Gore	Morse
Beall	Hayden	Mundt
Bender	Hennings	Neely
Bennett	Hickenlooper	Neuberger
Bible	Hill	O'Mahoney
Bricker	Holland	Payne
Bridges	Hruska	Purtell
Bush	Ives	Robertson
Butler	Jackson	Russell
Byrd	Jenner	Saltonstall
Capehart	Johnson, Tex.	Schoeppel
Carlson	Johnston, S. C.	Scott
Case, N. J.	Kefauver	Smathers
Case, S. Dak.	Kennedy	Smith, Maine
Chavez	Kerr	Smith, N. J.
Cotton	Kilgore	Sparkman
Curtis	Knowland	Stennis
Daniel	Kuchel	Symington
Douglas	Langer	Thurmond
Duff	Lehman	Thye
Dworshak	Magnuson	Watkins
Eastland	Malone	Welker
Ellender	Mansfield	Wiley
Ervin	Martin, Pa.	Williams
Flanders	McCarthy	

Mr. JOHNSON. I announce that the Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Louisiana [Mr. LONG], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate until June 21, 1955, on behalf of the Senate Appropriations Committee to conduct an on-the-spot study of specific matters relating to our foreign-aid program.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

Mr. SALTONSTALL. I announce that the Senator from Illinois [Mr. DIRKSEN] is absent on official business for the Committee on Appropriations.

The Senator from Iowa [Mr. MARTIN] is necessarily absent.

The Senator from Michigan [Mr. POTTER] is absent by leave of the Senate to attend the International Labor Organization meeting in Geneva, Switzerland.

The Senator from North Dakota [Mr. YOUNG] is absent on official business.

The ACTING PRESIDENT pro tempore. A quorum is present.

Mr. JOHNSON of Texas. Mr. President, I yield 20 minutes to the distinguished Senator from Alabama.

Mr. SPARKMAN. Mr. President, before beginning the debate on Senate bill 2126, I desire to make a brief statement to the Senate. As chairman of the Subcommittee on Housing, I wish to thank the members of the subcommittee and the full committee for their untiring work and cooperation in making it possible to report the committee bill to the Senate.

Before commenting on the major provisions of the several titles of this bill, I should like to touch briefly on the very careful consideration which this measure received in the Committee on Banking and Currency. The committee had before it the administration's housing bill and eight other related bills. Prior to the public hearings on these bills, the committee spent 2 days in discussing present housing programs at informal roundtable conferences with a number of interested witnesses. This was followed by 9 days of public hearings on the several bills before the committee. In its executive sessions, the committee combined the best features of these bills and also adopted various amendments recommended during the hearings by witnesses and by members of the committee.

I will now attempt to describe the major provisions of the basic programs contained in this bill. The amendments contained in title I of the bill would provide the necessary law for continuation of several major programs of the Housing and Home Finance Agency and its constituent agencies. It would also make a number of changes in existing law designed to enable the Agency more effectively to carry out the objectives of existing law. I shall take up these provisions as they affect each of the programs administered by the several agencies.

FEDERAL HOUSING ADMINISTRATION

I should like first to discuss the provisions in title I which apply to the program administered by the Federal Housing Administration. These amendments generally follow the administration's recommendations. However, the committee has added several amendments which it considered necessary after hearing testimony of witnesses appearing before it during the public hearings.

The bill would extend the title I home repair and modernization program for 5 years and would increase the maximum amount of home-improvement loans from $2,500 to $3,000.

The bill would also increase the general mortgage insurance authorization of the FHA. This amendment would provide for an aggregate of outstanding insurance liability and commitments as of June 30, 1955, plus $4 billion. The amount of unused authorization under existing legislation remaining on June 30, 1955, which it is estimated will be $600 million, would be merged with the new authorization. Thus, the actual increase in the authorization will probably not exceed $3,400,000,000.

The committee has included in this title an amendment to section 207—multifamily section—whereby FHA mortgage insurance on mobile home courts or parks would be provided. These mortgages would be limited to $300,000 per mortgage and $1,000 for each trailer space. This insurance would relate only to the land, utilities, and other improvements where mobile homes are to be located, not to mobile homes. The requirement of section 207 of the National Housing Act that the project covered by the mortgage be economically sound would apply to an insured mortgage on a mobile park. It is expected that FHA will impose such additional requirements and standards as necessary to assure that such mortgage insurance will improve the living conditions of the occupants of the parks involved.

The committee has likewise included provisions to reactivate the cooperative housing program under section 213 of the National Housing Act, as amended. While this program has proven successful in providing housing for the middle-income group, it has been restricted drastically by provisions contained in the Housing Act of 1954. One of these provisions had the effect of reducing the maximum amount of the mortgage for insurance. This provision changed the basis for determining the maximum amount of the mortgage from estimated replacement cost to estimated value. The bill provides that estimated replacement cost shall be the basis for making this determination in the future. It also authorizes the Federal National Mortgage Association to make advance commitments to purchase mortgages insured under section 213 in a total amount not to exceed $50 million. This authorization will do much toward revitalizing this program.

Another amendment would permit cooperative housing groups to use cooperative housing mortgage insurance to acquire Govenment-owend housing which is being disposed of under other provisions of law. Cooperatives can now use mortgage insurance for this purpose under other provisions of the National Housing Act, but section 213 would afford certain advantages under FHA regulations and procedures.

It is the intention of the Banking and Currency Committee that the FHA shall take affirmative action to make this program operative and effective and to make every effort through its regulations to encourage the formation of genuine consumer-sponsored cooperatives to be assisted under this section. We believe the purposes of this section can best be realized in cases where the cooperatives, from their inception, consist of members who actually intend to occupy the units to be constructed and who join the cooperative for that purpose.

The committee has proposed another amendment which affects Mortgage Insurance for housing in urban renewal areas. As Senators know, section 220 of the National Housing Act provides for a special mortgage insurance program to assist the construction and rehabilitation of housing in urban renewal areas. Although there has been general interest in the program, actual operations have so far been delayed. One of the principal obstacles causing the delay, we are informed, is the use of "estimated value" instead of "estimated replacement cost" as a basis for determining the maximum mortgage amount. The committee's amendment would permit the mortgage amount to be computed on the basis of "estimated replacement cost."

The committee has accepted the administration's recommendations designed to clarify the present mortgage limitation in the National Housing Act with respect to multifamily projects. The National Housing Act, as amended, now makes a $5 million mortgage limitation generally applicable to all such projects with private sponsorship. Because different persons or groups have interpreted this limitation differently, the committee believes it to be important that the limitation in the law be definite and firm but realistic in terms of present costs and the type of project to be undertaken. Accordingly, the bill provides that such limitation shall be increased to $12,500,000. It should be pointed out, however, that the limitation would be applied both to each individual mortgage and to the total amount of commitments outstanding at any one time under each section of the act with respect to projects in the same housing market area which involve a mortgagor or mortgagors under substantially the same control. The limitation, however, would not apply to two or more mortgages, even though the sponsors were the same, if the mortgages were not simultaneously in the commitment stage, that is, prior to the completion of the project and final endorsement of the mortgage for insurance. In the case of mortgage insurance under section 220 of the National Housing Act for multifamily projects in urban renewal areas, the mortgage limitation would be increased to $50 million.

The bill would also extend title IX of the National Housing Act for 1 year on a standby basis. It would also authorize the Commissioner to make final settlement on certificates of claim at any time after the sale or transfer of title by the FHA on sales housing acquired by it in cases of defaulted mortgages insured by it under the various sections of the National Housing Act.

The bill would remove "cost certification" requirements for single family homes insured under section 221 of the National Housing Act. This will make section 221 consistent with other sections of the act, none of which require cost certification on single-family sales housing.

The committee was advised that the FHA permits projects to obtain the benefits of the cooperative and regular rental housing programs only if each project has 12 or more units. The bill specifically authorizes any project to be eligible if it has eight or more units. Such insurance would meet a real need in many cases without adding unduly to the FHA insurance risk involved.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

The bill would make several changes in the charter of the Federal National Mortgage Association. The provisions of the bill would reduce the amount of FNMA stock, which sellers of mortgages are required to buy, from 3 percent of the unpaid principal of the mortgage to 2 percent of such unpaid principal. The 3 percent requirement was contained in a provision enacted last year in the Housing Act of 1954, and we are informed the experience the Association has had so far has resulted in only a very small amount of private capital being accumulated from such contributions. We believe the required contribution should be reduced from 3 percent to 2 percent as a means of making the Association's secondary market operation a more workable program.

Another amendment to the charter of FNMA would require that mortgages purchased by it in its regular secondary market operations be purchased at prices which are on a uniform national basis.

As explained earlier, the Association would also be authorized to enter into certain advance-commitment contracts to purchase section 213 cooperative housing mortgages.

SLUM CLEARANCE AND URBAN RENEWAL

The bill would increase the capital-grant authorization under the slum-clearance and urban-renewal program to $525 million. The President would also be authorized to supplement this program by $100 million at any time within his discretion. This additional authorization is for use over a period of 2 years, $212.5 million being made available on July 1, 1955, and another $212.5 million to be made available on July 1, 1956. In providing for a 2-year authorization, the committee was impressed with testimony received with regard to the need requiring the use of these funds over a period of more than 2 years. The need arises because of the type of program which is involved. The committee recognized that many months of preliminary work are required by local communities to develop an urban-renewal

project. In order to undertake such time-consuming activities, local communities need the assurance that capital-grant funds are authorized and will be available when needed.

Under existing law, not more than 10 percent of the total title I capital grants authorized may be expended in any one State, except that an additional $35 million may be allocated for use in States where more than two-thirds of the amounts they could otherwise receive have been legally obligated. The provisions of the bill would increase this cushion from $35 million to $70 million. Information has come to us that this increase is necessary since the present limitation has been reached by several States.

The bill would also amend the Housing Act of 1949 so as to permit an urban renewal project in an area which is not predominantly residential in character to be developed for nonresidential purposes. Not more than 5 percent of the urban renewal funds allocated to the local public agency could be used for this purpose. The committee's attention was directed to the fact that there are many blighted open, or predominantly open, areas in cities which should be developed for industrial uses to conform to sound planning principles of the locality. We are, therefore, recommending that funds for this type of project be authorized without diverting funds from the types of projects now authorized under this program. The committee, therefore, has made a proportionate increase in its recommendations for an additional capital grant authorization of $25 million. As stated earlier, the total capital grant authorization provided in the bill is $525 million. This is $25 million above the amount which is determined to be necessary for the types of urban renewal projects now authorized.

PUBLIC HOUSING

The next sections of the bill relate to amendments to the Housing Act of 1949. It will be recalled that following extensive and thorough studies and hearings by this committee and by other committees of the Congress, the Housing Act of 1949 was enacted. This act authorized a program of financial assistance for 810,000 low-rent public housing units to be built, owned and operated by local public bodies. A limit of 135,000 dwelling units a year was provided for in this act with an escalator clause. Since its enactment, however, further crippling limitations have been imposed on the program which, in effect, continue it on a year-to-year basis and for a reduced number of units each year. The current authorization of contracts for 35,000 units expires on June 30 of this year.

The committee, during its hearings, heard testimony which indicates clearly that the annual rate of 35,000 is completely unrealistic in terms of the need. I can recall testimony to the effect that in one city alone the total need for such units amounted to more than 70,000 units. Furthermore, those provisions of existing law which restrict additional public housing units to the number of families displaced by slum clearance and urban renewal or other governmental actions unnecessarily restrict this program and should be repealed. Repeal of these restrictions is necessary if we are to meet the needs of other low-income families, including first, those who leave the slums of their own initiative without being forced out as a result of governmental action; or second, those who are displaced by private enterprise which is clearing slum sites on its own initiative; and third, those who are displaced as a result of fire or other catastrophe.

The committee has included in the bill provisions which would authorize the low rent program to go forward at the rate originally contemplated in the Housing Act of 1949. The limitations contained in the Housing Act of 1954 would be repealed. The Public Housing Administration would be authorized to enter into new contracts for annual contributions up to 135,000 additional dwelling units during any fiscal year until the original 810,000-unit authorization was exhausted. We have also provided that the unused amount of authorization now in effect for 1955 shall be preserved and added to this new authorization.

The bill would also provide for increasing from 10 percent to 15 percent the total amount of annual contributions or grants which can be expended for low-rent public housing in any one State. We have found that in the case of some States a 10-percent limitation is too restrictive.

HOUSING FOR ELDERLY FAMILIES AND SINGLE PERSONS OF LOW INCOME

The committee's attention was called to the increasing need for housing by elderly persons of low income. We believe that this need and the special problems of low-income elderly persons deserve recognition in the Federal assistance programs immediately. We also believe the facilities of the low-rent housing program afford a very convenient and desirable vehicle for helping to meet a part of the housing needs of these families.

The bill provides that single persons 65 years of age or over shall be eligible for admission to low-rent housing projects. The bill also gives these persons a preference, second only to that of families displaced by governmental action, but limiting such preference to 10 percent of the estimated number of families to be admitted to the low-rent housing of the particular local public housing agency involved. The bill would also authorize the Commissioner to waive the requirement that such families must either come from unsafe, unsanitary, or overcrowded dwellings or have been displaced by urban renewal or other governmental action. Not to exceed 10,000 dwelling units in each of the next 5 fiscal years are authorized to be built.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield briefly.

Mr. SALTONSTALL. Are the 10,000 units included in the 35,000?

Mr. SPARKMAN. No; they are additional; they are not included in the 35,000.

The bill would also enable the reconstruction or remodeling of existing public-housing projects by local public-housing authority so that they may be designed in whole or in part for occupancy by elderly persons.

AMENDMENTS TO LANHAM ACT

The committee has also included in the bill two amendments to section 607 of the Lanham Act, which contains the general authority for the disposition of permanent war housing, including all property, real or personal, acquired for and held in connection therewith.

The first amendment would give former owners of property being disposed of under that section first preference in repurchasing such property from the Government, under such conditions as may be determined in the public interest.

The second amendment would apply only to "Project Indiana—12021 (Southmore Heights)" and would waive any downpayment requirement involved in the sale of this project to a tenants' cooperative.

HOME-LOAN BANK BOARD

The next several sections of the bill would make changes in the law being administered by the Home Loan Bank Board. Most of these amendments were proposed by the administration and are relatively minor in nature. They would remove problems which have produced unnecessary burdens on savings and loan institutions which are supervised by the Home Loan Bank Board. These amendments are:

First. Reduction of the capital stock of the Federal home-loan banks;

Second. Authority of the board to terminate membership in the bank system;

Third. Increase the number of elective directors of the Federal home-loan banks in districts that are large and which contain five or more States;

Fourth. A clarification with regard to title I insurance; and

Fifth. A clarification and definition with regard to the admission into the FSLIC and the fee that would be charged.

However, the committee has included in the bill several additional amendments which were suggested during our hearings.

The first amendment would make the Home Loan Bank Board an independent agency. The committee believes that since the Board is essentially a regulatory agency and exercises administrative, legislative, and judicial powers somewhat analogous to those performed by the Federal Reserve Board, it should not be subject to the authority of the Administrator of HHFA to transfer funds and functions to other agencies within his jurisdiction. Most, if not all, comparable regulatory agencies have independent status, reporting directly to the Congress and to the President. Furthermore, the Federal Home Loan Board system is a mutual institution owned entirely by its members. The majority of the committee believes the Home Loan Bank Board should be reinvested with the independence it had from its creation in 1932 to 1939, when it was made a part of the then Federal Loan Agency.

RETIREMENT OF FSLIC STOCK HELD BY GOVERNMENT

The other amendment which the committee has included in the bill relates to the retirement of FSLIC stock held by the Government. The amendment provides that within 60 days after enactment of the bill the Corporation shall retire all of its capital stock—amounting to about $66 million—by paying the par value of the stock to the Treasury, in addition to dividends accruing since the end of fiscal year 1954.

In order to obtain funds for the retirement of the stock, the Corporation would, promptly after the enactment of the bill, issue its debentures to the Federal home-loan banks in a face amount equal to the par value of the Treasury stock to be retired. The Federal home-loan banks would each purchase debentures in proportion to the amounts of their own outstanding stock. The debentures would bear interest at a rate determined by the FSLIC, after consultation with the Secretary of the Treasury. These debentures would be retired by increasing the annual premium rate charged by the FSLIC from one-twelfth to one-eighth of 1 percent. After payment of the debentures the premium rate would automatically revert to one-twelfth of 1 percent.

The Committee considered several alternative proposals for retiring the stock held by the Government in the FSLIC. The one adopted appeared to be most suitable for accomplishing the purpose without weakening the reserve position of either the FSLIC or the insured institutions.

COMMUNITY FACILITIES ADMINISTRATION

The bill would modify and extend the third public works advance planning program authorized by the Housing Act of 1954 by authorizing $38 million in appropriations over the next 3 years. The funds so authorized would constitute a revolving fund.

TITLE II. PUBLIC FACILITY LOANS

The primary purpose of this title is to assist, wherever possible, States and their political subdivisions, with preference to small municipalities, in providing sewage, water, and other necessary public facilities essential to the health and welfare of their people. The program would be administered under the supervision of the Community Facilities Commissioner of the Housing and Home Finance Agency. Restrictions are placed upon municipalities desiring assistance under this program to those that are unable to secure such financing on reasonable terms, and loans must be of such sound value as to give reasonable assurance of retirement or payment. The loan maturities are limited to 40 years and a priority is given to applications from small municipalities with populations of less than 10,000.

HHFA would be authorized to issue to the Secretary of the Treasury notes and other obligations not exceeding $100 million at any one time.

TITLE III. COLLEGE HOUSING

Title III of this bill is intended to renew and invigorate the program inaugurated by the Housing Act of 1950, which inaugurated a program of long-term loans at low interest rates to provide funds for the construction of dormitories and residences.

The amendments under this title would expand the purpose of these loans to include such other revenue-producing educational facilities as cafeterias, dining halls, student centers, infirmaries, and other service facilities, but not including such items as gymnasiums or stadiums. This title also extends the program specifically to junior colleges and to educational or philanthropic institutions established for the sole purpose of providing housing or other educational facilities for students and faculty. The authorization for this program would be increased from $300 million to $500 million, and the amendment would fix the rate of interest which the Housing and Home Finance Agency pays to the Treasury at 2½ percent, or the average rate on all interest-bearing obligations of the United States, whichever is the higher. The provisions of the title would also require HHFA to charge colleges a rate of interest of 2¾ percent, or one-fourth of 1 percent more than that paid by HHFA to Treasury, whichever is the higher.

TITLE IV. ARMED SERVICES HOUSING MORTGAGE INSURANCE

Title IV of the bill would provide for a new and much-needed military housing program.

All witnesses appearing before the committee on the subject of military housing were unanimous in stating and in proving an extreme and immediate need for additional military housing. They made it quite clear that, to attract and hold the highly trained, experienced, and technical personnel now required by them, it is essential that military personnel be afforded an opportunity to live comfortable and normal lives, insofar as military duty permits, on a reasonable parity in terms of housing with the average American citizen.

Our national survival may depend upon our ability to attract and retain the highest caliber American men in the military service. Since it became quite clear to the committee from the testimony that the adequacy or the inadequacy of housing has a great influence upon the reenlistments of personnel, the committee believes it important to bring this proposal to the attention of the Senate.

The committee, after considering several proposals, concluded that the most practical approach for meeting the housing needs of the armed services would be to utilize the existing title VIII program, amending it so as to make it more workable.

This title of the bill would authorize the Secretary of Defense to enter into contracts with builders for the construction of housing for armed services personnel on lands owned or leased by the United States and situated on or near military installations. Contracts would be awarded to builders who submit the lowest acceptable bids on the basis of FHA-approved plans and specifications. The builder would finance the construction of the housing through mortgage borrowings insured by the FHA. After construction of the housing the Secretary of Defense would assume responsibility for the obligation of the mortgage, and for management and operation of the housing and would assign personnel to such housing in the same manner as other public quarters. The aggregate amount of contingent liability outstanding at any one time would be limited to $1,350,000,000. The duration of the program is for 3 years and the Federal National Mortgage Association would be authorized to provide a secondary market for the mortgages.

TITLE V. SMOKE ELIMINATION AND AIR POLLUTION

Title V of the bill would add to the National Housing Act a new title X, to develop means to eliminate pollution of the air by smoke, fumes and gases.

The Secretary of Health, Education, and Welfare would be authorized to undertake a research program to determine the causes and effects of air pollution, to develop devices and industrial methods for preventing and eliminating air pollution, and to provide guidance and assistance to States and local communities to prevent and control air pollution. The Secretary is authorized to enter into research contracts with, or make research grants to, State and local public agencies, and educational institutions, and to enter into arrangements with industries and private organizations for cooperative studies. Research results are to be made fully available to the public.

The Administrator of the Housing and Home Finance Agency would be authorized to provide financial assistance to business enterprises to purchase or construct equipment to reduce the amount of air pollution in the area.

The financial assistance under the program would not be available unless assistance is not otherwise available on reasonable terms and unless there is in existence an effective community program for controlling air pollution. This bill contains no limit as to funds which can be expended. Control over the program will be exercised through annual appropriations.

TITLE VI. FARM HOUSING

The committee had under consideration several proposals to extend and amend the farm housing program established under title V of the Housing Act of 1949. The committee unanimously recommended extension of the existing program which has done so much to enable thousands of farm families to obtain decent housing.

The bill as reported would provide an additional $100 million for farm loans authorized to be made on adequate farms, an additional $2 million to permit the payment of annual contributions made in connection with loans on potentially adequate farms, and an additional $10 million for special grants and loans required to make farm housing safe and sanitary.

The new provisions also include a new insuring authority. This provision was suggested by the Farmers' Home Administration. The interest rate on insured loans would not exceed 4½ percent, so as to be consistent with the VA program for home loans under which both insured and direct loans may be

made and under which the interest rates are also 4½ percent.

Under the farm loan program of title V of the National Housing Act of 1949, some 19,000 loans have been made for a total of $97 million. These loans are only a fraction of the demand. Many more applications were made but could not be approved because of the insufficiency of appropriations.

Unfortunately the farm housing program has not been operative since June 30, 1954, because of lack of appropriated funds. The need for the program, however, is still great, particularly in view of the continued deterioration in the farm situation as compared with that of other segments of the economy. This is especially true of the small or family-size farmer. I am confident that the record will show that by far the greater percentage of farmers who have received assistance under the farm-housing program are small or family-size farmers.

A further need for the reactivation of this program is evidenced by the increase in the number of loans made under the Bankhead-Jones Act during the same period. Unfortunately, the Bankhead-Jones Act does not provide the full coverage of title V, and thus, in order to have a well-rounded farm housing program, it is essential that the program recommended by the committee be continued and made operative.

From the standpoint of economic soundness, the record of title V farm loan program is exceedingly good. As of December 31, 1954, the regular payments as a percentage of scheduled installments on these loans were 105.6 percent. There have been very, very few foreclosures under the program. All in all, the program has enjoyed one of the best repayment records of any program ever established, either in or outside the Government.

Mr. President, this concludes my explanation of the bill. I am certain that as the debate progresses on the various titles of the bill, Members will raise questions on the various sections of it. I shall be glad to discuss any questions at any time during the debate.

I believe the committee has done a very good job on the bill, and I sincerely hope the Senate will approve it.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. SALTONSTALL. While I am not a member of the Committee on Banking and Currency, the late Senator Maybank and I, as members of the Committee on Appropriations, worked on the housing problem for a number of years. I know there is a difference of opinion about the number of public houses which should be built, but that subject will be debated later, so I will not ask the Senator any questions on it now. However, I wish to ask the Senator 2 or 3 questions on other phases of the bill.

As I understand, the bill seperates the Home Loan Bank Board, including the Federal Savings and Loan Insurance Corporation, from the Housing and Home Finance Agency, and sets it up as a separate, independent agency. I believe this is eactly contrary to what was done in the act of last year. I should appreciate having the Senator tell me why it was felt that that was necessary, and why is it not a good thing to have all the loan agencies under one head, so that he can report directly to the President on the overall situation, rather than to have the responsibility divided and separated in the hands of 2 or 3 agencies.

Mr. SPARKMAN. As a matter of fact, the Home Loan Bank Board was made a constituent agency by Reorganization Plan No. 3 of 1947. However, the connection between it and the Housing and Home Finance Agency is a rather tenuous one. It is nothing like the regular constituent agency of the Housing and Home Finance Agency at all.

I understand that probably an amendment will be offered in connection with this matter later, and at that time I shall be able to debate the question rather fully.

The situation is that the home-loan banks originally were made possible by the underwriting of their stock by the Federal Government, the idea being that they would gradually retire their stock. All of the stock has now been retired except about $66 million, and the home-loan banks are ready, able, and willing to retire that amount now, and provision for this is made in the bill.

If the stock is retired, why should not the Federal home loan banks have the same status as the Federal Deposit Insurance Corporation and the Federal Reserve System, which operate in the same manner? That is what is being provided for by the bill.

The ACTING PRESIDENT pro tempore. The time of the Senator from Alabama has expired.

Mr. SALTONSTALL. Will the minority leader yield time to me, so that I may complete my questions?

Mr. KNOWLAND. I yield 5 minutes to the Senator from Massachusetts.

Mr. SALTONSTALL. Is the principle behind the proposal with respect to the separation of the Home Loan Bank Board that the Board is shortly to be completely independent of the Federal Government, and therefore should be put in the same position as the Federal Deposit Insurance Corporation and other agencies of that type?

Mr. SPARKMAN. Yes; that is true. I wish to stress also the point that the connection between the Home Loan Bank Board and the Housing and Home Finance Agency is not similar to the connection between the Federal Housing Administration and the Housing and Home Finance Agency at all. It is a very slender thread which ties them together now. Certainly the Home Loan Bank Board ought to have its independent status, just as the FDIC, the Federal Reserve Board, and other agencies were made independent when they paid off their stock.

This is essentially a regulatory agency. If the Senator will refer to page 12 of the report, I believe he will find a pretty fair statement of the situation. The statement begins at the bottom of page 11, and I believe is an understandable explanation of why independence of the Board is urged.

Mr. SALTONSTALL. The bill creates a new public-facility loan program, does it not?

Mr. SPARKMAN. It really extends the one which is now in the law, but which has been ineffective. The Senator may recall that there was such a program under the RFC. When the RFC was discontinued, Congress designated certain functions which ought to be continued, and this was one of them. However, Congress did not designate an agency to handle those functions, but left the matter to the President. The President never designated an agency.

Last year, in the Housing Act, Congress designated the Housing and Home Finance Agency to handle these affairs, but unfortunately no funds were made available and nothing was done about it.

All that is done in the bill is to reactivate the program and make provision whereby it will actually function.

Mr. SALTONSTALL. I have been informed that under the new program the Committee on Appropriations will be bypassed, because borrowings will be made from the Treasury to the extent that $100 million may be outstanding at any time. If it is intended to bypass the Committee on Appropriations, is not that the same plan which was opposed so effectively by the senior Senator from Virgina [Mr. BYRD] with respect to the highway program?

Mr. SPARKMAN. No; because in this case the money will come from the Treasury and will, therefore, affect the national debt. It will be the same as if the funds were appropriated by Congress, except that what will be authorized will be the borrowing of money directly from the Treasury, as is done in several other instances or operations.

Mr. SALTONSTALL. Then will any money borrowed under the program be chargeable directly to the national debt?

Mr. SPARKMAN. It will be chargeable against the national debt. That is the principal difference between this proposal and the one which was objected to in connection with the highway bill.

Mr. SALTONSTALL. How will the Committee on Appropriations come into the picture? Will it be in connection with financing the national debt, or in some other way? In other words, how will Congress be able to control the amount of money which will be borrowed? As I see it, Congress will have no control.

Mr. SPARKMAN. Congress can amend the act at any time. However, I think the Senator will agree with me that $100 million stretched over a period of time is not a great amount of money to have in a revolving fund of this type. This program is intended for the benefit of the smaller cities and towns of the United States, which are not able to go into the securities market, because it is simply not feasible for them to borrow money in that way.

Mr. SALTONSTALL. I am in favor of military housing. I believe it is necessary for the Government to provide more military housing if we are to make it possible for the men in the armed services to live with their families and to serve well.

It has been called to my attention that in the military housing part of the program the Secretary of Defense will have the final decision over the Federal Housing Administration; but that when the Secretary makes the decision, the administration of the program will revert to the Federal Housing Administrator.

Mr. SPARKMAN. As to matters of insurance, that is correct.

The Secretary of Defense has final determination as to need; but if he overrides an adverse decision of the FHA he will be responsible for repaying FHA for any losses incurred on a particular mortgage. The administration of insurance, of course, as it applies to military housing, remains with the FHA. The administration of the housing, i. e., operation and management, debt payment, etc., will remain with the Department of Defense.

Mr. SALTONSTALL. The Secretary of Defense then loses control.

The ACTING PRESIDENT pro tempore. The time of the Senator from Massachusetts has expired.

Mr. SALTONSTALL. As the acting minority leader, I yield myself 3 additional minutes.

The Secretary of Defense will make the final decision but, as I understand, the entire question of administration will be left to the Housing Administrator. Is that correct?

Mr. SPARKMAN. Yes; because it must be realized that the building will be under the insurance plan.

The committee felt that the experience and background which the FHA had should be utilized. Furthermore, banks, insurance companies, and investment companies will buy mortgages if the FHA handles the insurance, whereas such a procedure probably could not be counted on under any other plan.

Mr. SALTONSTALL. I personally would be in favor of having the Secretary of Defense handle the program.

Mr. SPARKMAN. I believe the committee has worked out the best plan possible, although we hope that before the program is finally adopted it may be further perfected.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of my time.

Is the Senator from Oklahoma ready to call up his amendment?

Mr. MONRONEY. Mr. President, I would rather call up my amendment when the Senator from Indiana [Mr. CAPEHART] is present in the chamber.

Mr. JOHNSON of Texas. Mr. President, is the Senator from Vermont ready to offer his amendment?

Mr. FLANDERS. Mr. President, I am ready. I send my amendment to the desk and ask to have it stated.

The ACTING PRESIDENT pro tempore. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 13, line 9, before the period, it is proposed to insert a comma, and the following:

Provided further, That (subject to the authorization of not to exceed 810,000 dwelling units) the number of additional dwelling units which may be commenced under this subsection during any fiscal year may be increased at any time or times by additional amounts aggregating not more than 65,000 dwelling units, or may be decreased at any time or times by amounts aggregating not more than 85,000 dwelling units, upon a determination by the President, after receiving advice from the Council of Economic Advisers as to the general effect of such increase or decrease upon conditions in the building industry and upon the national economy, that such action is in the public interest.

The ACTING PRESIDENT pro tempore. The Senator from Vermont is recognized.

Mr. FLANDERS. Mr. President, the purpose of the amendment is to introduce flexibility into the public housing construction program, so that it may act as a stabilizer of the economy by providing more Government expenditures, for instance, when the building trades are in the doldrums, and by reducing the expenditures when the building trades are fully occupied.

There might well be times when it would be inexpedient to require new housing, especially if the building industry were already operating at capacity. That might do nothing more than inflate the costs of building by increasing the demand for nonexistent labor and by raising the price of materials. On the other hand, there might be times when, by increasing the volume of public housing, a distressed building industry could be greatly strengthened.

The amendment is not new to the law. It is not new to the original Taft-Ellender-Wagner housing law. It is still to be found in the law, in section 10 (e), but the way in which the provision on page 13 of the bill now before the Senate reads casts doubt on the question as to whether this flexible provision is made applicable.

Beginning at the top of page 13, I read:

Notwithstanding any other provisions of law—

That would seem to refer to the preceding section 10 (e)—

(i) Notwithstanding any other provisions of law, the Authority shall not enter into any new contracts for loans or annual contributions for more than 135,000 additional dwelling units during any fiscal year: *Provided*, That in respect to the fiscal year 1956 such number shall be increased by the difference between 35,000 and the number of units for which new annual contribution contracts for additional units were entered into during the fiscal year 1955.

Mr. President, my amendment adds the further proviso "That (subject to the authorization of not to exceed 810,000 dwelling units) the number of additional dwelling units * * * may be increased * * * by additional amounts aggregating not more than 65,000 dwelling units, or may be decreased at any time or times by amounts aggregating not more than 85,000 dwelling units, upon a determination by the President," under the advice of the Council of Economic Advisers.

I believe that this is an exceedingly important feature of the original bill. I believe it should be retained clearly, unequivocally, and without doubt in the new bill, and I offer my amendment for that purpose.

Mr. CAPEHART. Mr. President——

Mr. JOHNSON of Texas. Mr. President, does the Senator from Indiana desire to speak in opposition to the amendment?

Mr. CAPEHART. Yes. I shall take only a few minutes.

Mr. JOHNSON of Texas. I yield such time to the Senator from Indiana as he may desire.

Mr. CAPEHART. Mr. President, I feel that at least I myself will have to oppose the amendment, because I shall offer an amendment a little later to reduce the amount to 70,000 units in 2 years, or 35,000 units each year, which is the program of the President of the United States. That was his recommendation, the recommendation of his Council, and of our committee, which studied the matter.

Even with 70,000 units to be built during the next 2 years, at the rate of 35,000 units a year, we are still providing for construction of 50,000 units for elderly people, at the rate of 10,000 a year, which means a total of 120,000 public housing units to be authorized by the bill, 90,000 of them to be built in the next 2 years, and 30,000 of them in 2 or 3 years following that.

I do not see anything to be gained by accepting the amendment. The matter was pretty well thought out in the committee, about half of the committee favoring 35,000 units and the other half wanting the number provided by the 1949 law.

I shall not place certain information in the RECORD at this time, but will do so later. However, I may say since public housing became a part of our governmental procedure in the United States in 1937, there have been built only about an average of 20,000 public-housing units a year. Even counting the units built since 1949, when the big public-housing act was enacted, there have been built a total of 200,000 units in 5 years, or less than 40,000 units a year.

When we talk about 35,000 units, plus 10,000 units for elderly people, that makes 45,000 units. This bill also authorizes 100,000 public-housing units for the Military Establishment. In other words, it authorizes the military to build in the next 12 months 100,000 units to be used by married personnel in the Military Establishment. When that number of units is added to 45,000, the total figure is 145,000 units.

Mr. DOUGLAS. Mr. President——

The PRESIDING OFFICER (Mr. BIBLE in the chair). Does the Senator from Indiana yield to the Senator from Illinois?

Mr. CAPEHART. I yield.

Mr. DOUGLAS. Can the military housing program be described as public housing? Is that program under FHA?

Mr. CAPEHART. It is public in the sense that the houses will be rented to military personnel and owned by the Government.

Mr. DOUGLAS. Will not the loan capital be furnished by private lending agencies?

Mr. CAPEHART. It will be furnished exactly as it is for public housing. In the case of public housing, mortgages are

sold, and the FHA guarantees the loans. The financing is exactly the same in both instances—for military housing and public housing.

Mr. DOUGLAS. Then why did not the Senator from Indiana, in his original bill concerning military housing, provide for direct construction? Instead of that, he provided for FHA financing.

Mr. CAPEHART. I presume that was for the same reason that, since 1937, public housing has been handled by the mortgage route. I presume we wished to be consistent, and to finance military housing in the same manner all other housing in the United States is financed, namely, by FHA-guaranteed mortgages, permitting private persons to purchase the mortgages under the FHA insurance plan. Under that plan, premiums are paid into the FHA's insurance fund; and so far, of course, the premiums have been greater than the losses.

Mr. LEHMAN. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. LEHMAN. I wonder whether the Senator from Indiana can explain a little more clearly what connection there is between military housing and the public housing for which the bill provides. Is it not a fact that the occupancy of military housing is not at all dependent upon the income of those who will use the houses, because they will be used by generals as well as by privates?

Mr. CAPEHART. Yes. I may say to the able Senator from New York that the only connection is that the military need approximately 300,000 units, to house the married personnel, which includes all ranks from privates up to generals. This bill authorizes the construction in the next year of approximately 100,000 of those units. There is not too much connection between public housing and military housing, except that this year's program for the construction of military housing contemplates that an additional 100,000 units will be completed in the United States for the use of the military. The Government will own the houses, and will lease them to the military personnel.

In the case of public housing, units are built and are rented to persons of low income, and the rentals they pay are not sufficient to amortize the mortgages. Therefore, the Federal Government makes up the difference, by means of direct appropriations. But, of course, in the case of military housing the rentals are more than sufficient to amortize the 30-year mortgages.

Mr. LEHMAN. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. LEHMAN. As the Senator from Indiana knows, I was strongly in favor, and I am still strongly in favor, of the program for the construction of housing for military personnel, because I believe we have been very indifferent to the needs of our military services, both in the United States and abroad. So I am very happy we are going to care for the needs of the military.

However, I fail to see that there is any connection between military housing and public housing, because, as a matter of fact, the rental of the housing constructed for the members of the armed services is paid by means of deductions from the allowances made by the Government to them, regardless of whether the personnel concerned consist of privates, of noncommissioned officers, of junior officers, or of generals; it is not at all dependent on the financial means of the military personnel occupying the houses.

Mr. CAPEHART. I think the Senator from New York is correct. Under the housing program for the military there will be 100,000 housing units, in addition to the 35,000 new housing units constructed by private contractors for the use of civilian persons of low incomes, plus the 10,000 housing units for elderly persons. I believe the best argument for the construction of 35,000 housing units for persons of low incomes, plus the construction of 10,000 housing units for elderly persons, is that at no time during the life of public housing have we come anywhere near to approaching the construction of 45,000 housing units, on the average, in any 1 year.

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield to me?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. I understand that later the Senator from Indiana will offer his own amendment which relates to this subject.

Mr. CAPEHART. Yes.

Mr. SPARKMAN. However, I understand that the Flanders amendment is really a perfecting amendment to the bill as reported by the committee. It seems to me that the Flanders amendment should be noncontroversial, because it simply reinstates the old flexible clause. As a matter of fact, I think in any event the President could proceed in that way by means of his recommendations, and by working through the Bureau of the Budget.

The amendment of the Senator from Vermont will provide a flexible arrangement, so that the President will be able either to decrease or increase the number of units as was possible under the old law.

Mr. CAPEHART. Let me say that if there are in the Senate sufficient votes to keep the bill in the form in which it is now written, then the amendment of the Senator from Vermont certainly is desirable; there can be no question about that.

Mr. SPARKMAN. This is my point. In other words, the Flanders amendment is simply a perfecting amendment.

Mr. CAPEHART. Mr. President, personally I am opposed to the amendment, and the President of the United States is opposed to it, because he is advocating 35,000 units, rather than the number now provided in the bill.

Mr. SPARKMAN. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. Of course, I understand that, as I think all of us clearly understand it. But agreeing to this amendment will not change that situation in any respect. The Flanders amendment simply will perfect the language which is contained in the bill for the time being, and will not affect at all the amendment the Senator from Indiana has in mind. So it seems to me the Senate should accept the Flanders amendment, and then should move on to consider other amendments.

Mr. CAPEHART. Then is it the opinion of the able junior Senator from Alabama, the chairman of the subcommittee, that we might well accept the Flanders amendment?

Mr. SPARKMAN. Yes; and then we can move on, because in the end the question will have to be decided.

Mr. CAPEHART. I understand that our acceptance of the Flanders amendment will have no effect on the question of whether there will be 35,000 units or 135,000 units.

Mr. SPARKMAN. That is correct; this amendment has nothing at all to do with that question. This amendment affects only the language now in the bill. The amendment of the Senator from Indiana will be before us later on.

Mr. CAPEHART. The language of this amendment would permit the President to reduce the number, would it not?

Mr. SPARKMAN. Yes; in the event the amendment became the law.

Mr. CAPEHART. It would permit the President to reduce the number of units under a flexible arrangement.

Mr. SPARKMAN. That is correct.

Mr. LEHMAN. Mr. President, will the Senator from Indiana yield further to me?

Mr. CAPEHART. I yield.

Mr. LEHMAN. Regardless of whether the Flanders amendment is advisable—and I am not necessarily opposed to it—I wish to correct an impression the Senator from Indiana has inadvertently, perhaps, given, namely, that military housing is the same as public housing. I do not agree.

Mr. CAPEHART. I shall help straighten out that point. It may not be the same; but the bill provides an additional 100,000 units of military housing, which will be built in the next few months.

Mr. LEHMAN. The Senator from Indiana speaks of 100,000 units for the military alone. Yet he wants the entire remainder of the population, consisting in great part of persons of very low incomes, to have as few as 35,000 units. That does not seem to be logical.

Mr. CAPEHART. Let me say that I am opposed to public housing in any number of units, because in my State it is not needed; and in every instance, I believe, the people of my State have voted it down. However, I realize there is need in certain sections of the United States for a limited number of public housing units.

For that reason, I would go along with the provision for 35,000 public-housing units, plus the 10,000 units for elderly persons, although in my opinion even that number will be too many, and will be more than will be constructed in any one year.

I wish the RECORD to show that personally I am opposed to public housing, and I do not think it is needed. It is

not needed in my State, and my State likewise is opposed to it. But I am sufficiently broadminded to realize that in certain sections of the United States, such as New York, Chicago, and other large cities, some public housing is needed. For that reason, I shall go along with the proposal for 45,000 units a year, as advocated and recommended by the President.

Mr. President, if it is agreeable to the able junior Senator from Alabama [Mr. SPARKMAN], the floor manager of the bill, perhaps the Flanders amendment can be accepted. We have no objection to accepting it.

Mr. SPARKMAN. Yes; I think that will be perfectly agreeable.

Mr. FLANDERS. Mr. President, I judge that the amendment still must be voted on. So I call for a vote on the amendment.

The PRESIDING OFFICER. The Senator from Vermont is correct.

Does the Senator from Texas yield back the remainder of the time under his control?

Mr. JOHNSON of Texas. Very well, Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Vermont yield back the remainder of the time under his control?

Mr. FLANDERS. I do.

The PRESIDING OFFICER. All available time has been yielded back.

The question is on agreeing to the amendment offered by the Senator from Vermont [Mr. FLANDERS].

The amendment was agreed to.

VISIT TO THE SENATE BY REPRESENTATIVES OF MORAL REARMAMENT

Mr. CAPEHART. Mr. President, I should like to introduce to the Senate some very distinguished gentlemen who now are sitting in the gallery. Let me present Dr. Theodore Oberlander, the Minister of Refugees for Germany; Mr. Ole Bjorn Kraft, former Foreign Minister of Denmark; Mr. Diomede Catroux, former French Minister for Air; Mr. Ole Olsen, of Olsen and Johnson; Mr. Stewart Lancaster, of Louisville, Ky.; and Mr. John Cotton Wood, of New York.

These gentlemen are members of the Moral Rearmament organization, and are in Washington in its behalf. Tonight, at the National Theater, a play entitled "The Vanishing Island" is to be presented, and will be repeated on tomorrow evening. Thereafter, these gentlemen will tour Japan, the Far East, and Europe.

Inasmuch as many of our colleagues are very much interested in the Moral Rearmament movement, I take pleasure in introducing these gentlemen to the Senate. I ask them to rise, so that they may be identified by Senators. [Applause.]

The PRESIDING OFFICER. The Chair thanks the distinguished Senator from Indiana for introducing these distinguished visitors to the Senate. The Chair assures them that they are welcome here; we are very glad to have them visit us.

HOUSING ACT OF 1955

The Senate resumed the consideration of the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

Mr. MONRONEY. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Oklahoma will be stated.

The LEGISLATIVE CLERK. On page 35, line 2, it is proposed to strike the words "entered into after" and insert in lieu thereof the following: "under which loan funds have not been fully disbursed prior to."

Mr. MONRONEY. Mr. President, this is a very simple clarifying amendment designed to provide for uniformity in the interest rates with respect to the college housing loan amendments in the bill.

As the committee has explained, the interest rate on college housing loans will be reduced, under the terms of the bill, from 3½ percent to 2¾ percent. In the interest of uniformity, my amendment would make the new interest rate apply at the time the money is disbursed. Unless this amendment is adopted, there will be several varying degrees of interest rates being charged, because loan applications of various colleges have been taken over a period of a good many months. I think the uniform interest rate of 2¾ percent, applying at the time the money is paid out, will provide a rather sound basis on which to work.

I understand that the chairman of the subcommittee is agreeable to accepting this amendment.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. SPARKMAN. I am certainly willing to accept the amendment.

Mr. MONRONEY. I discussed the amendment also with the distinguished ranking minority member [Mr. CAPEHART].

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. CAPEHART. I am willing to accept the amendment and have it taken to conference, with the understanding that we may have to take a good look at it in conference.

Mr. MONRONEY. My amendment provides for uniformity in interest charges on these loans.

Mr. CAPEHART. I think it is something we can take to conference.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. CARLSON. I should like to ask the distinguished Senator from Oklahoma, who is a member of the committee, about the expansion of housing for colleges. What is the program in the pending bill?

Mr. MONRONEY. Expansion is provided for. The loan ceiling is increased from $300 million to $500 million, with an additional $100 million ceiling for other educational facilities. As I have stated, the interest rate is reduced. It is provided that the interest rate will always be one-quarter of one percent higher than the rate which HHFA pays to the Treasury. No loans under this program may be made on construction completed prior to the filing of applications under the provisions of the act. It includes other educational facilities, within the definition of the term "development costs."

Mr. CARLSON. I think the committee has rendered a real service to our colleges and universities by making provision for additional housing. I think the demand exists. We are taking care of a situation in which, in my opinion, there will be greater and greater demand. The number of married students in our schools in future years will increase. I think the committee should be commended.

Mr. MONRONEY. I think the committee has done a very excellent job.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, it seems to me that the amendment which the Senator from Oklahoma proposes is meritorious, if I correctly understand its application, but I am wondering whether it is sufficiently broad to take care of institutions which have made application for loans, and with respect to which the funds have perhaps been advanced, but construction has not been completed. One instance comes to my mind, of an institution which found that the difference in the interest rate as between a certain month and the succeeding month was either an eighth or a quarter of 1 percent. If the loan had been approved a few days later, it would have carried a lower rate of interest. The institution did not use the money at the date upon which it received its first funds. Would the language proposed take care of institutions which may have received the money, but have not actually expended it?

Mr. MONRONEY. I will say to the distinguished Senator from South Dakota that the amendment would enable the Housing and Home Finance Agency to allow the low interest rate with respect to all funds which have not been disbursed by the agency. On the money already paid out by the agency to the educational institution, it is obviously impossible to figure the new interest rate. With respect to all money which has not been disbursed on loans which have been previously approved, and on which some disbursement has taken place, and with respect to all future disbursements after the passage of the act, they will be at the new low interest rate.

Mr. CASE of South Dakota. I am not sure that this amendment would correct certain inequities which I feel exist under the present law. If the amendment goes to conference, it seems to me that it will be possible for the conferees to modify the language in conference. I am glad to see it go to conference. I

hope the distinguished Senator from Alabama [Mr. SPARKMAN] and the distinguished Senator from Indiana [Mr. CAPEHART] will be receptive to any information which I can obtain on the situation to which I have referred.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. SPARKMAN. I should like to add to what the Senator from Oklahoma has said something which he has perhaps overlooked in his remarks.

The amendment which he proposes would not only take care of the lower interest rate on undisbursed funds, but would also enable the agency to negotiate for settlement with respect to all the funds involving a particular contract, even though a part of them had already been disbursed.

Let me say to the able Senator from South Dakota that when the Senator from Oklahoma spoke to me on this subject I immediately raised a question similar to that which the Senator from South Dakota has mentioned. I realize that there may be other angles. I suggested to the Senator from Oklahoma that the amendment might require some modification between this time and the conclusion of the conference. It may very well be that some further formula can be devised which will be fair to all concerned.

Mr. CASE of South Dakota. I thank the Senator for his statement.

The PRESIDING OFFICER. Does the Senator from Texas yield back the remainder of his time?

Mr. JOHNSON of Texas. I yield back the remainder of my time, on condition that the Senator from Oklahoma [Mr. MONRONEY] also yield back the remainder of his time.

Mr. MONRONEY. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been used or yielded back. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. MONRONEY].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. BUSH. Mr. President, I send to the desk two amendments to the pending bill, and ask that they lie on the table.

The PRESIDING OFFICER. The amendments will lie on the table.

Mr. CAPEHART. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 12, it is proposed to strike out subsections (a), (b), and (c) of section 108 and insert in lieu thereof the following:

(a) The United States Housing Act of 1937, as amended, is hereby amended by deleting section 10 (i) and inserting the following:

"(i) Notwithstanding the provisions of any other law, the Authority may, with respect to low-rent housing initiated after March 1, 1949, enter into new contracts for loans and annual contributions after July 1, 1954, for not to exceed 35,000 additional dwelling units, which amount shall be increased by 35,000 additional dwelling units on July 1 of the years 1955 and 1956, and may enter into such new contracts for preliminary loans in respect thereto as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder: *Provided*, That the authority to enter into new contracts for loans and annual contributions with respect to each such 35,000 additional dwelling units shall terminate 2 years after the first date on which such authority may be exercised under the foregoing provisions of this subsection: *Provided further*, That no such new contract for annual contributions for additional units shall be entered into except with respect to low-rent housing for a locality respecting which (1) the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954: *Provided further*, That no such new contract for annual contributions for additional units shall be entered into unless the governing body of the locality has, by resolution, approved such additional units: *And provided further*, That no such new contract for annual contributions for additional units shall be entered into unless the number of such additional units does not exceed the number of families of low income, eligible for admission to such units, which the Housing and Home Finance Administrator estimates will be displaced within the metropolitan or housing market area of such locality as a result of Federal, State, or local governmental action."

It is also proposed to reletter succeeding subsections.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum, and, on behalf of myself and the minority leader, I ask unanimous consent that the time taken for the quorum call be not charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Frear	McClellan
Allott	Fulbright	McNamara
Anderson	George	Millikin
Barkley	Goldwater	Monroney
Barrett	Gore	Morse
Beall	Hayden	Mundt
Bender	Hennings	Neely
Bennett	Hickenlooper	Neuberger
Bible	Hill	O'Mahoney
Bricker	Holland	Payne
Bridges	Hruska	Purtell
Bush	Ives	Robertson
Butler	Jackson	Russell
Byrd	Jenner	Saltonstall
Capehart	Johnson, Tex.	Schoeppel
Carlson	Johnston, S. C.	Scott
Case, N. J.	Kefauver	Smathers
Case, S. Dak.	Kennedy	Smith, Maine
Chavez	Kerr	Smith, N. J.
Cotton	Kilgore	Sparkman
Curtis	Knowland	Stennis
Daniel	Kuchel	Symington
Douglas	Langer	Thurmond
Duff	Lehman	Thye
Dworshak	Magnuson	Watkins
Eastland	Malone	Welker
Ellender	Mansfield	Wiley
Ervin	Martin, Pa.	Williams
Flanders	McCarthy	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

Mr. CAPEHART. Mr. President, I yield to the Senator from Maine [Mr. PAYNE].

Mr. PAYNE. Mr. President, I send to the desk an amendment to the amendment offered by the Senator from Indiana, and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Maine to the amendment of the Senator from Indiana.

The CHIEF CLERK. In line 1 of Mr. CAPEHART's amendment, it is proposed to strike out "subsections (a), (b), and (c)" and insert in lieu thereof "subsection (c)."

On page 1, in line 3, strike out "(a)" and insert in lieu thereof "(c)."

On page 2 strike all that follows the word "subsection", appearing in line 12, as follows:

Provided further, That no such new contract for annual contributions for additional units shall be entered into except with respect to low-rent housing for a locality respecting which (1) the Housing and Home Finance Administrator has made the determination and certification relating to a workable program as prescribed in section 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the eflective date of the Housing Act of 1954: *Provided further*, That no such new contract for annual contributions for additional units shall be entered into unless the governing body of the locality has, by resolution, approved such additional units: *And provided further*, That no such new contract for annual contributions for additional units shall be entered into unless the number of such additional units does not exceed the number of families of low income, eligible for admission to such units, which the Housing and Home Finance Administrator estimates will be displaced within the metropolitan or housing market area of such locality as a result of Federal, State, or local governmental action."

On page 3, strike out line 10.

Mr. CAPEHART. Mr. President, I should like to have the able Senator from Maine explain his modification of my amendment.

Mr. PAYNE. Mr. President, my amendment to the amendment offered by the Senator from Indiana would bring to a straight issue the question whether the Senate shall provide for 35,000 housing units, or 135,000 units, as recommended in the bill reported by the committee.

The amendment of the Senator from Indiana contains certain restrictive features which, in my opinion, would not permit the accomplishment of a sound public-housing program and one which could get under way. It is for that reason that I have offered my amendment. It would remove the restrictions and make the context of the bill comport with the 1949 law. Under the restrictions contained in the amendment of the Senator from Indiana, if an individual desires to leave a slum area he would not be eligible for public housing. If a person's property in a slum area were burned out and he came under the other criteria, he would not be eligible.

If private enterprise cleared out an area, the persons who were forced to

vacate would not come under the proviso with reference to displaced individuals.

I would simply remove the restrictions which are in the amendment, make it more in keeping with the provisions of the bill as reported by the committee, and bring the question down to a straight issue of 35,000 units as against 135,000 units.

Mr. CAPEHART. Mr. President, I accept the modification of my amendment. Whether we are for or against public housing makes no difference with respect to this amendment. If we are going to have public housing I think it is only fair that we should eliminate the restrictions. The restrictions which were written into the bill last year almost prohibited any public housing being constructed. In other words, Mr. President, there is no use passing a public-housing act and saying we want 35,000 units or 10,000 units or 1,000 units, and then writing restrictions which make it absolutely impossible to build any public housing. That, to my mind, is simply being hypocritical.

Mr. PAYNE. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. PAYNE. Is it not true that last year there was a 35,000-unit provision in the bill?

Mr. CAPEHART. That is correct.

Mr. PAYNE. Yet, actually, up to the time of the hearing, there were, as I recall, 115 starts?

Mr. CAPEHART. There were 142 starts.

Mr. PAYNE. Yes; 142 starts had been made.

Mr. CAPEHART. That was because of the restrictions. My point is, let us not be hypocritical and say we want 135,000 public-housing units. My State does not need any and does not want any, but we should not impose restrictions which would eliminate any public housing.

For that reason, Mr. President, I accept the modification of my amendment which has been suggested by the Senator from Maine.

I shall take only a few minutes in discussing my amendment. I allocate to myself 10 minutes, but I do not think I shall use all that time.

The amendment which is before the Senate, as it has just been modified by amendment of the able Senator from Maine, simply reduces the number of public-housing units provided for in the bill from 135,000 each year to 35,000, plus 10,000 provided for elderly people, making a total of 45,000.

In other words, if my amendment, as modified, shall be agreed to, the bill will call for 45,000 units each year, 35,000 units of straight public housing and 10,000 units for elderly persons, for a period of 2 years, making a total of 70,000 straight public-housing units; and then 50,000 public-housing units for elderly people under the 5-year program of 10,000 a year, which would make the number of public-housing units authorized by the bill 120,000, which would be built at the rate of 45,000 units each year. For a period of 2 years 90,000 units would be authorized. Then there would be 3 years in which 10,000 public-housing units could be built for elderly persons.

The recommendation of the President in his annual message was that provision be made for 35,000 public-housing units each year for 2 years, or a total of 70,000 units. The President did not say anything about public housing for elderly persons; that provision for 10,000 units was written into the bill by the committee, and makes the number 45,000 units as against 35,000 recommended by the President.

Here are the records and the facts. Since 1937 only 382,365 units have been completed and turned over for public-housing usage. That covers a period of about 18 years, during which an average of about 20,000 units a year were built. I shall cite the legislation under which the housing was constructed.

Under the Housing Act of 1949, 165,580 units were completed. Over a period of 6 years, an average of less than 30,000 public-housing units were completed annually.

Under the Housing Act of 1937, 117,141 units were built.

Under the Housing Act of 1940, which provided for public defense housing, houses built only for defense workers, 49,366 units were built, and at the end of the war these were turned over to the public-housing authorities for use by them.

For PWA—I am certain Senators remember PWA days—21,570 houses were built as public housing.

Under the Lanham Act, which was a 100-percent war measure for defense housing, 19,670 units were built, and turned over to public-housing authorities.

For farm-labor camps, back in the PWA or WPA days, 9,038 units were built and turned over for use by public-housing authorities.

That makes a total of 382,365 units completed for public-housing use since 1937.

Would it not be much better to have a sane, sound, workable program of 45,000 units each year, and actually build them, than to talk about 810,000 units or 135,000 units, and never build them?

The President's idea was to have 35,000 units built each year, and that was what he recommended. The committee added 10,000 units for elderly people, which makes a total of 45,000 units.

Would it not be much better to work under a sane, sound, practical, conservative policy, and actually to build 45,000 units a year, than to talk about 135,000 units, when it is known that they will not be built?

Is it not impractical to speak of constructing 810,000 units in a period of 5 years, when since 1937 only 382,000 units have been built? It should be remembered, too, that of the 382,000, 100,000 were houses built for defense purposes, and turned over later to public-housing authorities. So actually only 282,000 public-housing units have been built since 1937.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. ELLENDER. Is it not true that although the bill provides for 810,000 units, from that number there must be deducted those which already have been built?

Mr. CAPEHART. Yes, and that brings the number down to approximately 600,000.

Mr. ELLENDER. My figures show that the units completed under the act aggregate 348,000; 34,000 are under construction, plus 42,000 under contract but not under construction. This makes a total of 424,000 units which have either been already built or are under contract.

So the amount of new housing under the bill will not be 810,000 units, but will be the difference between 810,000 and 424,000. Is that not true?

Mr. CAPEHART. No, I do not believe that is quite true. I think the Senator is referring to the 1949 act, under which 165,580 units have been completed, with another 59,775 authorized, or a total of 225,000.

If from 810,000 is deducted 225,000, the number still to be built is approximately 600,000.

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. KNOWLAND. I yield an additional 5 minutes to the Senator from Indiana.

Mr. ELLENDER. I was referring to the original act, of which I had the honor to be a sponsor.

Mr. CAPEHART. The original act was sponsored by the able senior Senator from Louisiana, the late Senator Taft, and the late Senator Wagner. That act called for 810,000 units. Since that time 165,580 units have been built, and 59,775 units have been authorized, a total of 225,355 units. By deducting 225,355 from 810,000, we arrive at the number of units called for in the bill which is now before the Senate.

Mr. KNOWLAND. Mr. President, will the Senator yield for a half minute, so that I may ask that the yeas and nays be ordered on the Capehart amendment?

Mr. CAPEHART. I yield.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays on the Capehart amendment.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. SPARKMAN. I have some figures regarding the number of units actually built under the 1949 act. The able Senator from Louisiana included in his figures those built under the 1937 act. But under the 1949 act 247,700 units have been built.

Mr. CAPEHART. Those figures do not even begin to correspond with the figures which have been given me.

Mr. SPARKMAN. That leaves 562,300 still authorized. That is the real figure which would be included here. However, the amount of money authorized would provide for only 392,000. The bill as it is written provides for 392,000 units.

Mr. CAPEHART. In my State, it is felt that public housing is not needed. I

think in every instance the cities of Indiana have rejected it.

Mr. LEHMAN. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. LEHMAN. As I have listened to the Senator from Indiana, I have received the impression that the main argument against the larger number of units, which the committee is advocating, is that in the past, almost in the dim past, only a relatively small number of houses were built. We talk about 19,000, 25,000, or 30,000 units a year.

All I can say is that I remember the time—and I probably remember it because I am so much older than the Senator from Indiana—when aged, needy people were taken care of in poorhouses. But we have got away from that.

I remember the time when there was no social security whatsoever, and no workmen's compensation at all.

Mr. CAPEHART. Mr. President, is the Senator from New York asking me a question?

Mr. LEHMAN. I shall be glad to ask a question.

Mr. CAPEHART. Does the Senator wish time in his own right?

Mr. LEHMAN. I shall be glad to reduce my comments to a question.

Mr. CAPEHART. I do not care; I simply want to be certain that the time is kept straight.

Mr. LEHMAN. I shall be glad to use my own time.

Mr. CAPEHART. I shall be happy to yield some of my time.

Mr. LEHMAN. No.

Mr. CAPEHART. I merely wish to be certain that the time is kept straight.

Mr. LEHMAN. I was shocked to hear what the Senator said.

Mr. CAPEHART. Do not be shocked, please.

Mr. LEHMAN. Ten or 15 years ago, when conditions were very different, and the conscience of the people had not been aroused, certain things were done in different ways from the manner in which they are done today.

However, I will withdraw my question.

Mr. CAPEHART. No; I think the situation is just the opposite. The Senator ought himself to be shocked inasmuch as evidently 3, 4, or 5 years ago there was more need for public housing than there is now, because during the past 10 years new houses have been built at the rate of more than a million a year. There must be less need for public housing today than there was in 1949.

I have only used the figures as a matter of record in order to be factual, and simply to show the number of public-housing units which have been built, on the average, since 1937. If there has been such great need for public housing, why have not more units been built? Why has not the party of the able Senator from New York sponsored the building of more public housing in that time? Why has there been a delay?

What the committee is trying to do, and what the President is seeking to have done, is to have the public-housing program placed on a sane, sound, practical basis, and then to have built each year a definite number, rather than to talk about large numbers, such as 135,000 units, but to build on an average of only 30,000 a year?

Mr. LEHMAN. Since the distinguished Senator from Indiana has raised the question, and I have not put a question mark after my question, I am going to withdraw it.

Mr. CAPEHART. I merely wanted to make sure——

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The time of the Senator from Indiana has expired.

Mr. CAPEHART. Mr. President, I yield myself 5 additional minutes, so that I may yield to the Senator from New York.

Mr. LEHMAN. Mr. President, I wished to proceed with the inquiry, because it seems to me it is amazing that the only objection which is suggested against the larger program is that certain things were done in the past. There were many things we did not do in the past and many in connection with which we acted supinely—among them the building of new housing—because of the Korean war. In the old days we had no wage and hour law, and no factory inspection. I do not think our past inaction should be used as an excuse for not concerning ourselves very vigorously with the problem at hand. The only argument I have heard thus far from the Senator from Indiana, although I am sure he will have other arguments to advance, is that we did not do anything 5, 10, or 15 years ago.

Mr. CAPEHART. I think it is a sound argument, because if there was a great need for housing, the law existed under which housing could have been constructed, and it was not done. The 1949 act authorized the building of 135,000 units a year. Why were they not built?

Mr. LEHMAN. I do not know why they were not built. I was not a Member of the Senate at that time. I am extremely sorry they were not built. Later, throughout the period of the Korean war, everything had to be subordinated to our military needs.

Mr. CAPEHART. Was not the reason a very simple one and an honest one, namely, that from 35,000 to 50,000 units a year are about all that can be processed, and about all the cities can handle, and get ready to build, and actually build?

Mr. LEHMAN. No. I shall develop that point in my remarks later.

Mr. SALTONSTALL. Mr. President, will the Senator yield at that point?

Mr. CAPEHART. I yield to the Senator from Massachusetts.

Mr. SALTONSTALL. I am interested in public housing, as the Senator knows, and I should like to say——

Mr. LEHMAN. Is the Senator going to vote with us on the bill? That is the test.

Mr. SALTONSTALL. I am going to vote against the Senator's position.

In 1953, as the Senator from Louisiana [Mr. ELLENDER] knows as well as I do, there was an authorization in the act for 135,000 units, and the budget estimate submitted by President Truman called for 75,000 units. The House cut the number to 5,000 units. The Senate provided for 45,000 units. If I remember rightly, the Senator from Louisiana, the Senator from South Carolina, and I stood for 55,000 units; but the majority of the committee recommended 45,000 units. The conferees compromised as between the House figure and the Senate figure and made it 35,000 units. That was the number provided for in 1953. That is where the figure submitted in this year's budget comes from.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. ELLENDER. The Senator from Massachusetts is absolutely correct about that. However, I wish to call the attention of my good friend from Indiana to the fact that an effort was made to provide for 75,000 units, but, because of the attitude taken by the House, we could not put in the bill more than the conference committee agreed to.

Mr. SALTONSTALL. The Senator from Louisiana and I stood up for 55,000 along with our late friend from South Carolina Senator Maybank.

Mr. ELLENDER. One of the reasons this program did not proceed as fast as it should have was the action taken by the House.

Mr. CAPEHART. Does not the Senator think it would be more practical to follow the recommendations of the President, provide for 35,000 units a year, make the appropriation, and let the program operate over a period of years?

The PRESIDING OFFICER. The time of the Senator from Indiana has expired.

Mr. CAPEHART. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Indiana has 40 minutes remaining to him.

Mr. CAPEHART. Mr. President, I yield myself 5 additional minutes.

Mr. DOUGLAS. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. I yield to the Senator from Illinois.

Mr. DOUGLAS. Is not the reason for the slowing up of the housing program in 1953 that the colleagues of our friends on the other side of the aisle had control of the Committee on Appropriations of the House of Representatives, and they not only tied down the amount appropriated, but also imposed restrictions which made it virtually impossible to construct houses? Now the Senator from Indiana is proposing to again place the country in the iron vest in which it was confined then.

Mr. CAPEHART. Mr. President, I wish to say to my good friend from Illinois that my memory on that point is not very good.

Mr. President, I yield the floor temporarily.

Mr. ELLENDER. Mr. President——

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. ELLENDER. Mr. President, I yield myself 5 minutes.

I do not know of any bill which I helped to pass in the Senate, Mr. President, of which I am prouder than I am of the Public Housing Act. For many years, our Government has extended a helping hand to those of our population

who have been able to finance the construction of new homes, and the repair of existing homes, through FMA. We assisted those who had sufficient income to finance their own homes.

We provided a program, which has proved to be a good, sound, workable one, whereby anyone with a reasonably secure job or other source of modest income might obtain private financing with Government backing, to construct a home for himself and his family. But in the case of those unfortunate persons who do not have enough yearly income to finance the ownership of a home of their own we offered no help whatsoever. Why, Mr. President, have some people, who have asked for and obtained in the past, billions of dollars in Federal financing for themselves—people who actually were able to assist themselves without Government help—but who now come to Congress to fight the low-rent housing program?

Today our Government has guaranteed our veterans over $20 billion in loans. The Federal Housing Administration has guaranteed, through private lending facilities, housing loans amounting to over $18½ billion. The pending bill provides an additional $4 billion for FHA, which will be used to assist those fortunate persons who, because they have sufficient salaries, are able to buy or build their own homes.

But Mr. President, when it comes to assisting those unfortunate Americans who are unable to help themselves—who are unable to afford the comfort of an FHA-financed home—we hear a lot of "squawking" not only on the House or Senate floors, but from the very persons who are urging that we make available to them $4 billion more in order to guarantee the building of privately owned homes.

Mr. President, if Senators will only study this housing program they will find that it has been a Godsend to those communities in which projects have been built. The fact that these communities now have more contented and law-abiding citizens—that happier and more efficient workers are available for industry—all of this contributes substantially to the advancement of the community as a whole through the reduction of law-enforcement costs and as a result of those intangible benefits which flow from comfortable housing facilities and bright, decent surroundings. I repeat, Mr. President—the many substantial benefits that have accrued to our country more than repays the small amounts that our citizens must contribute by way of taxes in order to defray the cost of the small subsidy which makes public housing available to families in the low-income bracket.

I hope the amendment before the Senate now will be rejected; and I hope that the Senate today will, in a measure, reenact and reinstate the provisions of the Housing Act of 1949, which I took an active part in in making possible.

Mr. President, my distinguished colleague, the junior Senator from Louisiana [Mr. LONG], is necessarily absent from the Senate today in connection with his official duties. He and I are vitally interested in title II of the pending bill, which contains the substance of Senate bill 1524, a measure I cosponsored with the junior Senator from Louisiana and 22 other Senators.

In brief, title II will create a revolving fund of $100 million, to be administered by the Community Facilities Administration of the Housing and Home Finance Agency. Its purpose is to assist municipalities in financing sewerage, water distribution, and other public facility improvements. There is a great need for this source of credit on the part of small communities throughout the Nation—communities which will otherwise be denied credit in the open money market. Title II, if enacted, will enable these communities to secure the necessary funds in order to provide their residents with these vital facilities and pay back the Government the principal together with a reasonable interest rate. The net cost to the Federal Government should be absolutely nothing, Mr. President, while the added health protection and enjoyment it will bring to American citizens throughout our land are immeasurable.

On behalf of my distinguished colleague, the junior Senator from Louisiana [Mr. LONG] and myself, and the 22 other sponsors of S. 1524, I urge the Senate to adopt without change title II of the bill as reported by the Senate Committee on Banking and Currency.

Mr. President, at this time I yield 15 minutes to the distinguished Senator from New York [Mr. LEHMAN].

The PRESIDING OFFICER. The Senator from New York is recognized for 15 minutes.

Mr. LEHMAN. Mr. President, I address myself to the question of the national need for a continuing and substantial public-housing program.

It has been asserted by the opponents of public housing that it was a stopgap program devised in the 1930's to meet merely a temporary unemployment situation. Mr. President, nothing could be further from the truth.

The public-housing program is a permanent Federal undertaking based on the growing need for Federal aid to low-income groups who cannot afford adequate private housing. We have had in the past, and we are going to have for decades, a far larger demand for housing than the private construction and private investment resources of the Nation could possibly meet.

At the present time we are building about 1,400,000 new housing units a year. At first glance, this appears to be a sizable figure. But when compared with our housing needs occasioned by the formation of families, the deterioration in buildings we now have, and various types of casualty losses, the present figure is far short of the needed construction.

Dr. William L. C. Wheaton, of the University of Pennsylvania, a leading expert on our housing needs and resources, testified recently before the Banking and Currency Committee regarding our present housing needs. He estimated that there are now 10 million substandard dwellings which are being occupied and which are so far below standard that they cannot be rehabilitated. Dr. Wheaton further stated that at the present rate of construction by private enterprise over the next 15 years, we will in fact have about 14 million substandard dwellings by 1970.

I quote these figures to refute the claim that our high construction rate will cause a "trickle down"—a favorite expression of the present administration—of adequate housing to the low-income groups which now need public housing. Dr. Wheaton's figures show that as high income groups move into the new housing units, they do not leave vacancies sufficient to house the lower-income groups. The simple fact of the matter is that today, and in the foreseeable future, millions of our low-income persons and families must live in substandard, unsafe, disease-ridden, and slum-surrounded dwellings, unless they can obtain some relief from Federal housing legislation.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, certain tables compiled by the National Housing Conference.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

TABLE 2.—*Substandard dwellings requiring replacement or rehabilitation, 1950 (thousands)*

	Substandard	Requiring replacement	Requiring rehabilitation
Urban housing: [1]			
Dilapidated	2,217	2,217	----
Lacking plumbing or running water	4,721	2,725	1,996
In substandard blocks [2]	1,993	1,993	----
Total urban	8,931	6,935	1,996
Rural nonfarm housing: [3]			
Dilapidated	1,131	1,131	----
Lacking running water	1,841	614	1,227
Total rural nonfarm	2,972	1,745	1,227
Nonfarm total	11,903	8,680	3,223
Farm housing: [4]			
Serious deficiencies	2,024	1,524	[5] (500)
Other deficiencies	1,405	----	1,405
Total farm	3,429	1,524	1,405
All housing	15,332	10,204	[5] 4,628

[1] All housing in standard metropolitan areas.
[2] Additional dwellings in blocks more than 50 percent substandard.
[3] Nonfarm dwellings outside standard metropolitan areas.
[4] Deficiencies based on U. S. Department of Agriculture data.
[5] 500,000 dwellings abandoned and not replaced.

TABLE 3.—*Population and average household size, 1930–70*

Year	Population [1] (millions)	Average household [2] size
1930	122.7	4.01
1940	131.6	3.67
1950	151.6	3.39
1955	164.8	[3] 3.35
1960	174.4	[3] 3.10
1965	189.9	[3] 2.95
1970	204.4	[3] 2.80

[1] United States Census, series P–25 No. 78, 1953.
[2] United States Census, P–20 No. 41, 1952; and P–20 No. 35, 1951.
[3] Straight line projection of 1930–50.

TABLE 4.—*Estimated changes in population, household size, number of households, and dwellings required, 1955–70*

	1955	1960	1965	1970
Population (millions)	164.8	174.4	189.9	204.4
Less population not in households [1]	4.9	5.2	5.7	6.1
Population in households (millions)	159.9	169.2	184.2	198.3
Average household size [2]	3.35	[3] 3.1	2.95	2.80
Number of households (millions)	47.70	54.58	62.44	70.82
Plus vacancies, 4 percent (millions)	1.90	2.18	2.50	2.83
Total dwellings required (millions)	49.60	56.76	64.94	73.65
Additional dwellings required during preceding period (millions)	-------	7.16	8.28	8.71
Average annual construction required during preceding period [4]	-------	1.43	1.65	1.74

[1] Assumed 3 percent.
[2] Table 3.
[3] A lower rate of reduction in average household size would be:

Average size	3.15	3.0	2.90
Number of households	53.71	61.40	68.38
Total dwellings	55.86	63.86	71.11
Additional dwellings	5.44	8.00	7.25
Annual construction	1.09	1.60	1.46

[4] See text for explanation of relationship between family and household size. These estimates include needs arising from new family formation, undoubling, required vacancies, changes in family size, and increases in number of persons or families using separate housing accommodations.

Mr. LEHMAN. Mr. President, I wish to read a part of the statement made by Dr. Wheaton, as follows:

REPLACEMENT RATES

In addition to these requirements for new population and new families, the Nation must replace the 10.2 million substandard units requiring replacement shown in table 2. If these units were to be replaced in the period 1955–65 we would have to build nearly 2.5 million homes in each of these years. This could not be accomplished in the immediate future without inflationary pressures, unless other construction drops seriously and unless there is a substantial drop in armament production. From a purely housing standpoint, it would be undesirable to attempt any such volume of replacement until new homes are available to accommodate those displaced from substandard homes.

For these reasons it would appear to be both economically and socially desirable to spread the replacement task over a 20-year period. If this were done, the volume of current construction would have to be increased steadily and rapidly, but within magnitudes which could be readily achieved by the building industry. Such a program would permit relocation to proceed in a more orderly and humane fashion, and would be more nearly in keeping with the capacity of our cities to plan for slum clearance and redevelopment.

Finally, if the replacement job is scheduled over a 20-year period, the annual volume of new building for replacement will be stabilized over a 30-year period. For by 1975, when the job of replacing our 1950 substandard homes is completed, we will have to continue replacement construction at the rate of 500,000 units per year merely to replace dwellings then becoming 70 years old. Indeed, a step-up of replacement construction to a level of over 600,000 units per year would be necessary to cover the 1950–70 backlog of deteriorated dwellings during the succeeding 20 years.

Mr. President, I am no detractor of private enterprise. I believe that private enterprise has made this country great. But I am also convinced that it is the duty of a democratic government to come to the relief of those who cannot get the necessities of life without such relief.

Health, food, clothing, and shelter are such necessities. The necessity for shelter is not met by slums and broken-down shacks.

If our experience had indicated that anything short of public housing could meet the needs of low-income groups, I would be the first to advocate such an alternative. But no amount of planning, loaning, insuring, or other forms of aid to private construction can achieve decent housing for the groups now eligible for public-housing benefits.

Those who oppose public housing often fail to point out that in major respects it is not Federal housing at all. The States and localities plan, float loans for, operate, and own our so-called public housing. The Federal Government helps finance the original cost, but the Federal grant is repaid as far as possible by project income.

Thus far, I have referred to the housing needs of our low-income persons and families. But there are considerations of even greater import than the mere sheltering of these millions of our people. Foremost among these reasons are the social effects of slum conditions—of overcrowded, unsanitary, unsightly, blighted urban areas. These effects are immeasurable. But we know that crime, juvenile delinquency, broken homes, and broken lives are the daily harvest we reap from our slums.

I wish all my colleagues could see at first hand what inadequate housing means. Those who have not been subjected to these experiences cannot understand them. For the last 55 years I have had that experience in the great city of New York. The crowding, the dirt, the heat, the noise, and all the other factors destructive of an individual's self-respect are created and nurtured in our slums.

And one of the greatest tragedies is that these conditions have their greatest impact on our children and on our aged people. The impact on children is obvious. Less obvious but even more dramatic is the effect of poor housing on our aged people who have passed their productive years when they contributed to the great growth of this Nation. They are among those hardest hit by our 10 million substandard housing units. They are among those least able to pay the price of adequate housing.

In 1949 Congress authorized a 6-year public-housing program for the construction of 810,000 units. That bill was sponsored by our own colleague, the Senator from Louisiana [Mr. ELLENDER], the late Senator Robert F. Wagner, and the late Senator Robert A. Taft. All those men were consistent, constant supporters of public housing. I wish to give myself the pleasure of saying that I know the great contribution which the Senator from Louisiana made to the housing program of this country over a period of 7 years. I have always been deeply grateful to him, as I am today.

That program, adopted in 1949, provided for an average of 135,000 units every year. That is less than the late Senator Robert Taft urged, with his formula of one-tenth of total construction. Under the Taft formula we should today be building 140,000 public units a year.

In the face of the demonstrated need for such a public-housing program, the administration proposes to continue the restrictive 1954 Housing Act provisions. These authorize 35,000 units per year for 2 years and tie up this meager dole with restrictions the effect of which has been to kill the program entirely. Last year when these restrictions were put into the act I said I could not vote for a phony public-housing program. I stated that the authorization of 35,000 units, together with the set of restrictions voted into the 1954 act, made the public-housing program into a cruel joke.

I would go further today than I did a year ago. I have checked with the Public Housing Administration, and as of yesterday the number of units put under contract under last year's authorization—which authorization is due to expire this month—is a grand total of 585 units. Can anyone claim that with 10 million occupied substandard housing units and a growing deterioration rate, a public-housing program for low-income earners of 585 units a year is worthy of the name "public-housing program"?

The administration's recommendations do nothing more than fiddle with the fringes of last year's act. They would leave at 35,000 the maximum authorized units per year.

Mayor Clark, of Philadelphia, testified during the hearings:

> We have 70,000 substandard units in Philadelphia alone, which we would like to replace with public housing, and yet there are only 35,000 units a year for the entire country.

I say to the administration that their public-housing proposals are a fraud. Thirty-five thousand units are not even the skeleton of an adequate public-housing program.

At the conclusion of the housing subcommittee hearings, it was perfectly clear from the testimony that nothing less than 135,000 units a year—the figure voted in the 1949 act, would begin to meet our public-housing needs. I, therefore, introduced on May 23 of this year a bill which would establish 135,000 units as a maximum annual limit for our public housing. The committee has adopted this figure in the bill before us today. They have returned to the 1949 act to revive the authorized units under that act which have never been put under contract. It is my understanding from the Public Housing Authority that about 400,000 units could be built under that act, within the $336 million limit on total annual contributions for housing under the 1949 act.

The pending bill, the committee bill, also makes provision for including elderly single persons, heretofore excluded, and elderly couples, in our public-housing program.

No one could claim that the 10,000 units per year authorized for this purpose is sufficient to meet the tremendous

need among our elderly single and married persons for adequate housing within their means. But this is a new approach in public housing not heretofore attempted, and it would be well to see how the program works before putting it on the large scale that would be commensurate with the demand for this type of public housing.

The committee bill removes the restrictions on public housing that hamstrung the 1954 program because of unworkable ties with slum clearance and urban redevelopment. These ties have prevented the initiation of even the minimal 35,000 units authorized. As I stated on the floor at the time I introduced my bill, if we are to have public housing it must be on its own merits, not as a stepchild of urban redevelopment.

For example, in some areas public housing meets the total redevelopment need. Also, many deserving persons need public housing though they have not been displaced by a slum clearance or redevelopment project.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. ELLENDER. Mr. President, I yield 5 additional minutes to the Senator from New York.

Mr. LEHMAN. Testimony of a number of witnesses before us indicates that tieing the public-housing program to slum clearance has resulted in a vicious circle wherein communities cannot clear slums until they get public housing but they cannot get public housing approval until they have a going, workable slum clearance project.

The intolerable situation must be ended and the committee bill will end it by putting the public-housing program back on its own merits.

This bill, as reported, is a fairly good bill. It makes many changes and additions to our present housing laws which will improve the housing picture. Improved housing programs for the military, for our colleges, for rural communities and other groups and areas are included. But I am impressed with the fact that the group which most needs Federal aid—the low-income group—has consistently had the least real support from the Federal Government. These are the people who must come first because if we do not help them to get decent housing they can turn nowhere else for it.

Decent housing is not a privilege. It is the right of every citizen of the United States. The committee bill, in its public housing provisions, would move in the direction of implementing that right. I strongly urge every one of my colleagues to vote for the bill as it was reported.

Mr. President, we hear a great deal about the housing which has been provided by the Federal Housing Administration. It is almost exclusively housing for the middle-income group or the wealthy. In Washington there is a very beautiful apartment house called the Woodner. It is a fine apartment house. I am not critical of either the Federal Housing Administration or the owners of the apartment house. But that is the type of housing for a man of large means; and no one but a person of large means could afford to live there.

That type of housing will not help the little fellow with a small income, who needs decent housing. That is the man I wish to protect. I believe that is the man whom most of my colleagues in the Senate wish to protect.

I strongly urge that the amendment of the Senator from Indiana be defeated.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield.

Mr. LANGER. I wish to compliment the distinguished Senator from New York for the very fine speech he has made. His record shows that time and time again, when even though the interests of his own State were not involved, he voted in favor of projects for the great Northwest, such as reclamation projects, reforestation projects, and other projects accruing to the advantage of that area. I want to assure him that he can count on the Northwest to help him in bringing about needed changes in the housing conditions in New York City and in other large cities of the country.

Mr. LEHMAN. I wish to express my deep appreciation to the Senator from North Dakota. I am very grateful to him.

Mr. ELLENDER. Mr. President, I yield 10 minutes to the distinguished Senator from Illinois.

Mr. DOUGLAS. Mr. President, it might be well to review a little history on the question of public housing. In 1949, as it has been stated, the Senate approved a bill which called for the construction of 810,000 units over the course of 6 years, or an average of 135,000 units a year, with a sliding scale, which the Senator from Vermont added, to speed up construction in periods of economic depression and to slow down construction in periods of high construction activities.

The bill was in large part a bipartisan bill. On the Democratic side we were led by our dear friend, the late Senator Maybank, of South Carolina, by the Senator from Louisiana [Mr. ELLENDER], and by the Senator from Alabama [Mr. SPARKMAN]. All three Senators were invaluable in working for the passage of the bill.

On the Republican side, the late Senator Taft threw his full strength behind the measure. He was assisted by many other Republicans, including the very able and distinguished junior Senator from Vermont [Mr. FLANDERS].

Under that act, with all the difficulties it experienced, and about which I shall speak in a moment, approximately 250,000 units have been constructed, leaving 560,000 units, which we thought in 1949 should have been constructed, unbuilt and unconstructed.

The Senator from Indiana [Mr. CAPEHART] has made a great point of the fact that since we have built housing at the rate of only about 50,000 units a year, we should not authorize more than 35,000 units in the years immediately ahead.

Let us see what is behind the failure to live up to the program of an average of 135,000 units a year and why, instead, we have built at a much lower rate.

In the first place, cities were late in submitting their plans in 1949, because a great deal of paper work was required. Just as they were getting their plans ready for submission, the Korean war broke out in 1950. As a result of the need to turn out munitions and other war supplies, the President—and he was a Democratic President—asked that the program be reduced to 75,000 units a year.

Even that program ran into trouble, not so much in the Senate, but in the Committee on Appropriations of the House. I must say that there were some on the Democratic side of the House Committee on Appropriations who did their best to whittle down the program. But most of the opposition came from the other political party.

However, in 1953 the forces in the House opposed to this program became especially strong, in large part due to the election of 1952, and, as a result, the funds were greatly curtailed. Last year, as the Senator from New York [Mr. LEHMAN] has pointed out, further restrictions were imposed on the construtcion of public housing, which virtually has made it impossible to construct any public housing at all.

As the Senator from New York has pointed out, only 540 units have been authorized under the 1954–55 program. In other words, this program has always been treated as a stepchild, and by successive steps we have eroded and cut into the original design of Congress in 1949.

Now the Senator from Indiana is asking us to compound the sin by reducing construction in future years to the low level accomplishments of the past years.

Why is it that we need this housing? We need it primarily in the cities, although the bill also provides for the elimination of rural slums. The cities of this country are in a very serious situation. Anyone who walks into any city of any size in this country, away from the central business district into the surrounding residential area, will find in nearly every case a slum—streets without trees, houses that are many years old and in disrepair, and children growing up under circumstances that are very difficult.

These slums are constantly growing and constantly increasing. In my own city of Chicago, for instance, we have many square miles of what can only be described as slum area. This slum area, like a cancer, is eating through the community at quite a rapid rate. Other cities are in an equally bad situation.

Moreover, the cities suffer from the fact that the people who are moving into the suburbs are not only people in the upper-middle class, but in some cases in the middle-middle class, and in some cases even in the lower-middle class. Thus cities are being left with low income families and reduced revenue capacity. They are the low income families who do not have the means to take advantage of the other housing facilities which are offered under FHA.

I have always voted to support FHA. It has done a slendid work, and it has now become the backbone of the building industry in this country. However, FHA

is building homes for the middle and upper-middle classes. It does not get down to the low income groups of under $2,500 a year and under $3,000 or under $3,500 annual incomes. Those are the people who are really suffering. In particular, it is the children who are suffering.

Six years ago, in what I believe was almost my maiden speech in the Senate, I assembled evidence to show what slums did to human beings. I showed, for instance, that the death date in the slums was very much above the average of the community; that the sickness rate, particularly from tuberculosis and other diseases, was very much greater than the average for the whole community. I showed that the fire rate was high, that the crime rate was high, and that the juvenile delinquency rate was high. After all, juvenile delinquency is just a fancy name for kids getting into trouble.

What happens does not happen because people who live in the slums are bad people. That is not it at all. It is because the conditions of life are such as to make it very difficult for families to live happily and to have their kids develop properly.

In the city of Chicago, for instance, in the region which has been a slum area for almost 70 years, one nationality after another has lived in the slums. Successively, each has had a high juvenile-delinquency rate and a high crime rate. Then as each nationality group has prospered and moved into the suburbs or other residential areas, the result has been that the same children who got into trouble in the slums did not get into trouble, but developed extremely well underneath the maples.

Another nationality would come into the slums and go through exactly the same experience. As it prospered, it moved out. It went through the same experience. In that way at least five sets of nationalities have moved into the west and southwest and northwest sides of Chicago. The conclusion is that in the slums conditions are such as to make it extremely difficult for kids to grow up and live happy, harmonious, and decent lives.

I think it is extraordinary that the families in those regions do as well as they do, with all the obstacles against them, and with all the difficulties against them. They make, in a very large proportion of cases, a splendid record.

The most-decorated soldier of World War II, Audie Murphy, grew up in the slums of Pittsburgh, one of the worst slums in the country. From a material standpoint, he did not owe this country anything, but this country owed him a great deal.

The PRESIDING OFFICER (Mr. SCOTT in the chair). The time of the Senator from Illinois has expired.

Mr. ELLENDER. Mr. President, I yield 3 more minutes to the Senator from Illinois.

Mr. DOUGLAS. All credit to men like that and all credit to families like that. Most children growing up under those conditions swim against the tide. The cities are in trouble. Their financial base is shrinking. The slums are expanding. We are in a worse condition than we were in 1949. We have lost ground. The cities need help. They are generally under-represented in the State legislatures. They lack home rule. They need Federal assistance. The cities also tend to be underrepresented in the House and, in the main, in the Senate. The people for whom we are speaking on the floor of the Senate this afternoon are the low-income people. They are inarticulate. It is difficult for them to voice their needs. We provide aid and assistance to virtually every other group and generally most lavishly to those who need it far less. We provide assistance to private builders, real-estate groups, to airlines, to shipbuilders and operators—subsidies galore to those who do not need them, but none, or little, to those who most need assistance.

Mr. President, this is the noblest country on earth, but we have two great blots upon us: One is our treatment of the Negro and the other is the slums in our cities.

I did not serve on the European front in the last war, but I saw some of the photographs which the Germans distributed amongst our troops on the western front. They were photographs of slums in American cities. They were distributed amongst regiments and divisions which came from those same areas. Fortunately, the fighting capacity of our forces was not diminished.

The PRESIDING OFFICER. The time of the Senator from Illinois has again expired.

Mr. JOHNSON of Texas. Mr. President, I yield 2 more minutes to the Senator from Illinois.

Mr. DOUGLAS. Mr. President, we all want a nobler country, a better country. One of the things we must do is to cut out the cancer of the slums and to provide decent housing which will mean better family life, happier children, and better communities.

So I hope, Mr. President, that the Senate will reject the amendment of the Senator from Indiana and return to the bipartisan program of the Senator from Louisiana [Mr. ELLENDER], the late Senators Maybank and Taft, and the Senator from Vermont [Mr. FLANDERS].

Mr. SALTONSTALL. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. SALTONSTALL. The Senator will recall that he and I had a little colloquy with reference to housing.

Mr. DOUGLAS. That is correct.

Mr. SALTONSTALL. I stated that certain figures applied were to the calendar year 1953. I should like to correct that and say that what figures I gave applied to the calendar year 1952 or were for the fiscal year 1953.

Mr. DOUGLAS. I am very glad to hear the Senator say that. I wish to pay tribute to the Senator by saying that in the Appropriations Committee he resisted severe restrictions. But conditions became worse in the calendar year 1953. Bad as they were in 1952, they became worse in 1953.

Mr. SALTONSTALL. That was not due to Senate action.

Mr. DOUGLAS. It was not due to Senate action, and it was not due to the Senator from Massachusetts.

Mr. President, I yield the floor.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Vermont [Mr. FLANDERS] 5 minutes.

Mr. FLANDERS. Mr. President, I should like, first, to invite attention to the fact that the figures mentioned are maximum figures. The 135,000-unit figure is the maximum, but if, under the terms of the act of 1949 and of the amendment which was accepted an hour or two ago, in times of depression 135,000 units are added to the 65,000 units, making 200,000 units, that is a maximum figure. If, on the other hand, times are booming and it is difficult to get materials and workers, and the 135,000 units are decreased by 85,000, then we have left a maximum of 50,000.

Remembering that these are maximum figures, I would invite attention to the fact that it is within the control of the President of the United States to keep within the maximum, and that he is able to do exactly what the Senator from Indiana says he desires to do in the way of limiting the number of public housing units. In the pending bill there is no compulsion on him to do more than he asked to be given authority to do in his message to the Congress.

The next thing to which I wish to invite attention is the very great desirability of furnishing a flexible means of counteracting conditions in periods of boom and periods of depression. We talk a great deal about counteracting conditions incident to booms and to depressions, but we do almost nothing about it. In this bill, for the first time, there is built into it a countervailing means for mitigating depressions and for controlling booms.

Mr. President, in conclusion, I wish to say that one of the highest points of my life was my working with and under the late Senator Taft in drawing up the act of 1949, in the Banking and Currency Committee, and in assisting him and supporting him on the floor of the Senate. I look back upon that time as one of the periods of my life of which I am proudest. I am again proud today to be able to support that measure and to carry forward for another period the remarkable and effective and public-spirited proposals which the late Senator Taft advanced in this body 6 years ago.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that I may suggest the absence of a quorum without the time taken thereby being charged to either side.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. JOHNSON of Texas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

POSTAL FIELD SERVICE COMPENSATION ACT OF 1955

Mr. JOHNSON of Texas. Mr. President, the House has adopted certain amendments to the postal pay bill which passed the Senate on June 1. It is my understanding that the chairman and the ranking minority member of the Committee on Post Office and Civil Service wish to make a brief explanation of the amendments, in the hope that the Senate may concur in them and then send the bill to the White House.

Therefore, I ask unanimous consent that the chairman and the ranking minority member of the Committee on Post Office and Civil Service may have not to exceed 20 minutes, to be equally divided, for the purpose of explaining the amendments, without the time being charged to either side in the debate on the housing bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER (Mr. SCOTT in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 2061) to increase the rates of basic compensation of officers and employees in the field service of the Post Office Department, which were, on page 13, line 17, after "Makes", insert: "occasional"; on page 15, line 22, strike out: "(11) Positions.—City or Special Carrier—Level 4" and insert: "(11) Position.—City or Special Carrier or Special-Delivery Messenger—Level 4"; on page 18, line 3, after "carriers" insert: "and special-delivery messengers"; on page 105, strike out lines 16 and 17, inclusive, and insert: "Special Delivery Equipment Maintenance Allowance", and on page 105, line 19, strike out "special-delivery carriers" and insert: "special-delivery carriers and special-delivery messengers."

Mr. JOHNSTON of South Carolina. Mr. President, S. 2061, the postal pay bill just returned by the House is substantially the same proposal as was approved by the Senate on June 1 by a vote of 78 to 0.

Two minor amendments were added by the House committee and subsequently accepted and approved in the House by an overwhelming vote of 407 to 1 just a few minutes ago.

They accepted without adjustment the Senate's pay schedules. Both changes relate to job descriptions.

One amendment makes a slight modification of the job description for mail handlers. It was the view of the House committee that the simple distribution of parcel post packages by mail handlers is an incidental or occasional duty, rather than a primary function. In the interest of expediting the legislation, I do not think the Senate should object to this amendment.

The second change adds certain language to the job title of city or special carrier.

In S. 2061, as passed by the Senate, key postion No. 11 was titled "City or Special Carrier—Level 4." The bill as it comes back to the Senate changes this title to read, "City or Special Carrier or Special Delivery Messenger—Level 4."

It is my considered opinion that this change, unwittingly perhaps, results in redundancy. In consolidating the job titles for city delivery and special delivery carriers, the Senate committee was simply accommodating the administration's request for "equal pay for equal work."

Congress was assured by the Post Office Department that the duties of city carriers and special carriers were practically identical. As a matter of fact, the printed hearings quote Assistant Postmaster General Eugene J. Lyons as stating:

> You will note that this does result in a sizable adjustment for special-delivery messengers, who currently are paid below both clerks and carriers. The reason for that is that their duties—
>
> Referring to special-delivery employees—
>
> in delivering the mail are so identical with those of some carriers that we could find no difference in the work and no justification to maintain a differential.

With this explicit assurance from the Department, I can see no reason at all for differentiating between the titles for city carriers and special carriers.

During the hearings on this legislation, testimony developed the fact that a considerable amount of mail for which the special-delivery fee is paid is delivered by city carriers, particularly those serving business routes.

The committee was also advised that 100 percent of the special-delivery mail in the New York City post office is delivered by the regular delivery carrier. In other words, there are no special-delivery messengers in the Manhattan post office. Apparently it has been determined that this particular service can be furnished more economically by the use of city carriers and regular substitute employees.

All this leads me to the conclusion that the Senate acted very wisely in writing into the bill a provision which gives Congress the right to review Mr. Summerfield's reclassification actions.

Mr. President, I shall not insist on the retention of the Senate language in S. 2061. To do so would only result in further delay. As it is, postal employees have been patiently waiting many months for the pay increase contained in the bill. They have witnessed two Presidential vetoes of bills Congress sent to the White House. I earnestly hope this bill in its present form will be approved by the Senate and signed by the President.

Mr. President, I move that the Senate concur in the amendments of the House.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LANGER. I desire to compliment the Senator from South Carolina for his promptness in getting the bill before the Senate and for the energetic way in which he has made certain that the Senate may have an early vote on the matter.

The bill may not be perfect so far as the clerks and messengers are concerned; nevertheless, it is the best bill, apparently, that can be had, in view of the two White House vetoes which Congress already has received.

I think the Senator from South Carolina has done a magnificent job as chairman of the committee, and I join with him in the hope that the bill may be passed unanimously.

Mr. JOHNSTON of South Carolina. I thank the Senator from North Dakota for his complimentary remarks. Throughout the consideration of the bill, we have benefited by his earnest efforts. At all times he was fighting for what he considered to be the best interests of the postal employees.

I thank the Senator for his remarks.

Mr. President, I shall not take any further time of the Senate, but shall answer any questions any Member may desire to ask.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from West Virgina.

Mr. NEELY. In view of the fact that the President's salary and allowances amount to $190,000 a year—more than fifty times as much as the postal clerks and letter carriers would receive if the increase under consideration is granted—does the distinguished Senator from South Carolina believe that the President will veto to death the pending bill, as he did two other postal pay-raising bills recently passed by the Congress?

Mr. JOHNSTON of South Carolina. I believe the President will sign the bill. From all reports I have received, I think the President will sign the bill.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Alabama.

Mr. SPARKMAN. I wonder if the distinguished chairman of the committee can tell us about how much difference there is between the pay which a postal employee will receive under this bill as contrasted to what he would have received if the bill which the President vetoed had been enacted into law.

Mr. JOHNSTON of South Carolina. I estimate the difference to be about 4 cents a day, on an average.

Mr. SPARKMAN. Four cents a day?

Mr. JOHNSTON of South Carolina. There is a difference of about three-tenths of 1 percent between the salaries provided for in this bill and the bill which the President vetoed.

Mr. SPARKMAN. If the only difference is three-tenths of 1 percent, does the Senator entertain the belief that this bill will clear the White House hurdle?

Mr. JOHNSTON of South Carolina. From all reports I have received, I think the President will sign the bill. I hope he will.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Vermont.

Mr. AIKEN. Is the Senator from South Carolina of the opinion that the bill which is now before the Senate puts the rural carriers on an equitable basis with other postal employees?

Mr. JOHNSTON of South Carolina. I think it does. I believe the Senator

from Kansas [Mr. CARLSON] will agree that it does. The bill treats them much better than they have been treated heretofore.

Mr. CARLSON. Mr. President——

The PRESIDING OFFICER. The Senator from Kansas.

Mr. CARLSON. Mr. President, I yield myself 5 minutes.

Concurrence by the Senate in the amendments of the House will be the culmination of 2 years of work on the part of Congress in trying to secure a pay increase for the postal workers.

I wish to pay tribute to the chairman of the committee and the other members of the Committee on Post Office and Civil Service for their untiring efforts in working out a pay increase bill under sometimes rather trying and difficult conditions.

We also owe a debt of gratitude to the Post Office Department for the assistance they gave in furnishing information and suggesting pertinent and appropriate language.

Then, too, we owe a sincere debt of gratitude to the heads of the postal employees' organizations. They were very helpful. I say very frankly, that there were times of difficulty and confusion in the committee because of the differences of ideas, but the fruits and much of the progress of our democracy have developed from the clash of ideas in fair debate. The bill which is now before the Senate is the result of the cooperative efforts of various groups exercising their constitutional rights and privileges.

I hope the motion to concur in the House amendments, which have been discussed by the chairman of the committee, will be unanimously agreed to.

I called attention to the amendment dealing with the special delivery messengers, when it was before the Senate. I felt that a situation was created which should be clarified, and it has been clarified.

It has been mentioned that there is not much difference in the amount of money involved in this bill as compared with the bill which was vetoed. The fact is that there is a difference of but $14 million. The President did not veto the previous bill because of the cost feature, but, as he stated very frankly, because there were serious inequities in it. Those inequities have been corrected, and from that standpoint I believe every Member of the Senate and the House who votes for the postal-pay bill will be in a better position with his constituents at home.

The action taken today will assure the classified employees that a pay increase will be accorded them at a very early date. The pay increase will be retroactive to March 1 of this year. That will mean that 1½ million Federal classified workers will receive a lump sum of $125 million in retroactive pay on the 1st day of July. The 105,000 postal workers will receive retroactive pay on July 1 in a lump sum of $40 million. I think the administration should be commended for their fairness and support of the retroactive clause, which will protect the employees against loss of pay during the legislative process.

The Senate has already passed a bill increasing the pay of classified employees, and it is now before the House of Representatives. I sincerely hope early action will be taken on the bill, in order that this group of Federal employees may get the benefit of a pay increase, which I believe they desire and to which I feel they are entitled.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. CASE of South Dakota. I was particularly interested in what the very able Senator from Kansas has said relative to the elimination of inequities and discriminations. It was my understanding that that was the basis of the President's veto of the earlier bill. At that time we had his assurance, or the understanding, that if that situation were clarified and the discriminations were eliminated, he would look with favor upon such a bill. That is why I voted to sustain the veto.

I wish to address a question to the Senator from Kansas. In his judgment, and based upon his experience in working on this kind of legislation over a period of years, is he satisfied that this bill will provide an equitable classification base for the postal service employees for some time to come?

Mr. CARLSON. It is my personal feeling that the classification base which has been written into the bill will work out satisfactorily. More than that, the members of the Committee on Post Office and Civil Service wrote into the bill a provision under which the committee will have an opportunity to check into the matter in case inequities develop in the reclassification procedures.

Mr. CASE of South Dakota. How will the matter come before the committee?

The PRESIDING OFFICER. The time of the Senator from Kansas has expired.

Mr. CARLSON. Mr. President, I yield myself 2 additional minutes.

Mr. CASE of South Dakota. Will the matter come before the committee periodically or upon request?

Mr. CARLSON. Section 205 of the bill requires the Postmaster General to transmit to Congress on or before January 15, 1956, a comprehensive report of operations under the reclassification plan, and any other information which the Senate or House Post Office and Civil Service Committees request. Moreover, any postal worker who believes he is being discriminated against because of reclassification has a right to appeal through his Senator or Representative, and I assure the Senator every consideration will be given to him.

Mr. CASE of South Dakota. I wish to assure the Senator from Kansas and all the other members of the committee that they are entitled to our appreciation for working on the problem until there has been brought before the Senate a sound, equitable, and basic piece of postal pay legislation. I certainly shall follow their leadership in voting to concur in the House amendments.

Mr. CARLSON. Mr. President, I am prepared to yield back the remainder of my time, unless there is a request for further time.

Mr. JOHNSON of Texas. Mr. President, I yield 1 additional minute to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, as I see it, the bill with the two minor amendments adopted by the House and sent to the Senate is an excellent one. I do not believe it is necessary to explain the bill any further. I wish to expedite it and have it voted on as quickly as possible.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Carolina [Mr. JOHNSTON] that the Senate concur in the amendments of the House.

The motion was agreed to.

AMENDMENT OF SERVICEMEN'S READJUSTMENT ACT, RELATING TO AUTHORITY FOR CERTAIN LOANS

Mr. JOHNSON of Texas. Mr. President, I ask the Chair to lay before the Senate the amendment of the House to Senate bill 654 in order that the distinguished Senator from Alabama [Mr. SPARKMAN] may move that the Senate concur in the House amendment with an amendment. I ask unanimous consent that the Senator from Alabama may have not to exceed 5 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 654) to amend the Servicemen's Readjustment Act of 1944 to extend the authority of the Administrator of Veterans' Affairs to make direct loans, and to authorize the Administrator to make additional types of direct loans thereunder, and for other purposes, which was, to strike out all after the enacting clause and insert:

That section 512 of the Servicemen's Readjustment Act of 1944 (38 U. S. C., sec. 6941) is hereby amended to read as follows:

"SEC. 512. (a) (1) Upon application by a veteran eligible for the benefits of this title, the Administrator is authorized and directed to make, or enter into a commitment to make, the veteran a loan for any of the following purposes:

"(A) To purchase or construct a dwelling to be owned and occupied by him as a home;

"(B) To purchase a farm on which there is a farm residence to be occupied by the veteran as his home;

"(C) To construct on land owned by the veteran a farm residence to be occupied by him as his home; or

"(D) To repair, alter, or improve a farm residence or other dwelling owned by the veteran and occupied by him as his home;

if the Administrator finds that in the area in which the dwelling, farm, or farm residence is located or is to be constructed, private capital is not available for the financing of the purchase or construction of dwellings, the purchase of farms with farm residences, or the construction, repair, alteration, or improvement of farm residences or other dwellings, as the case may be, by veterans under this title. In case there is an indebtedness which is secured by a lien against land owned by the veteran, the proceeds of a loan made under this section for the construction of a dwelling or farm residence on such land may be expended also

to liquidate such lien, but only if the reasonable value of the land is equal to or in excess of the amount of the lien.

"(2) No loan shall be made under this section to a veteran unless he shows to the satisfaction of the Administrator—

"(A) that he is a satisfactory credit risk;

"(B) that the payments to be required under the proposed loan bear a proper relation to the veteran's present and anticipated income and expenses;

"(C) that he is unable to obtain from private lending sources in such area at an interest rate not in excess of the rate authorized for guaranteed home loans a loan for such purpose for which he is qualified under section 501 of this title; and

"(D) that he is unable to obtain a loan for such purpose from the Secretary of Agriculture under the Bankhead-Jones Farm Tenant Act, as amended, or under the Housing Act of 1949."

SEC. 2. (a) Subsection (b) of such section is hereby amended by striking out clauses (A) and (B) and inserting in lieu thereof the following:

"(A) the original principal amount of any such loan shall not exceed an amount which bears the same ratio to $10,000 as the amount of guaranty to which the veteran is entitled under section 501 at the time the loan is made bears to $7,500;

"(B) the guaranty entitlement of the veteran shall be charged with an amount which bears the same ratio to $7,500 as the amount of the loan bears to $10,000;".

(b) The amendments made by this section shall not apply with respect to loans or commitments made under such section 512 prior to the date of enactment of this section.

SEC. 3. Subsection (d) of such section is hereby amended by striking out "section 501 (b)" and inserting in lieu thereof "section 501."

SEC. 4. (a) Subsection (e) of such section is hereby amended to read as follows:

"(e) Loans made under this section shall be repaid in monthly installments; except that in the case of loans made for any of the purposes described in clause (B), (C), or (D) of paragraph (1) of subsection (a), the Administrator may provide that such loans shall be repaid in quarterly, semiannual, or annual installments."

(b) The amendment made by this section shall apply only with respect to direct loans held by the Administrator on the date of enactment of this act and direct loans made by the Administrator on or after such date.

SEC. 5. Such section is hereby further amended by adding at the end thereof the following:

"(f) No veteran may obtain loans under this section aggregating more than $10,000."

SEC. 6. (a) Clause (C) of subsection (b) of such section is hereby amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1956."

(b) Subsection (a) of section 513 of such act is hereby amended by striking out "June 30, 1955" and inserting in lieu thereof "June 30, 1956."

(c) Subsection (c) of such section 513 is hereby amended by striking out "June 30, 1956" and inserting in lieu thereof "June 30, 1957."

(d) The first sentence of subsection (d) of such section 513 is hereby amended by striking out all beginning with "June 30, 1955" and inserting in lieu thereof "June 30, 1956, such additional sums (not in excess of $150,000,000 in any one fiscal year) as the Administrator may request, except that the aggregate so advanced in any one quarter annual period shall not exceed the sum of $50,000,000 less that amount which had been returned to the revolving fund during the preceding quarter annual period from the sale of loans pursuant to section 512 (d) of this title."

(e) The amendments made by this section shall take effect as of June 30, 1955.

Mr. KNOWLAND. Mr. President, are we going to have an explanation by the distinguished Senator from Alabama?

The PRESIDING OFFICER. The Senator from Alabama has 5 minutes.

Mr. SPARKMAN. Mr. President, the House of Representatives has passed Senate bill 654 with 3 changes, as follows:

First. The House added a formula whereby veterans who have used part but not all of their benefit under the loan-guaranty program of the VA can receive the benefit of the direct-loan program to the extent of the unused portion of the guaranty benefit. For example, if a veteran has used only one-half of his guaranty entitlement, he would be eligible for up to one-half of the direct-loan entitlement.

Second. S. 654, as passed by the Senate, provided up to $200 million in additional direct-loan funds and the House changed this amount to $150 million.

Third. S. 654, as passed by the Senate, extended the direct-loan program for 2 years and the House changed this to a 1-year extension.

Mr. President, I recommend that the Senate accept the House changes except for the 1-year extension. I propose to amend the House language in order to extend the program for 2 years. I am advised that this will be acceptable to the House. Consequently, I send to the desk an amendment to accomplish this purpose, and also a technical amendment, and ask that they be adopted.

The PRESIDING OFFICER. The amendments offered by the Senator from Alabama to the amendment of the House will be stated.

The legislative clerk read as follows: On page 4, line 19, strike out the date "June 30, 1956" and insert in lieu thereof the date "June 30, 1957"; on page 4, line 22, strike out the date "June 30, 1956" and insert in lieu thereof the date "June 30, 1957"; on page 4, line 25, strike out the date "June 30, 1957" and insert in lieu thereof the date "June 30, 1958"; on page 5, lines 3 and 4, strike out the date "June 30, 1956" and insert in lieu thereof the date "June 30, 1957"; and on page 1, line 2, after the word "That", insert "subsection (a) of."

Mr. SPARKMAN. The last amendment is a technical one suggested by the House committee staff. It is language inadvertently omitted by the staff when they prepared the engrossed bill.

I move that the Senate agree to these amendments to the House amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The amendments were agreed to.

Mr. SPARKMAN. I move that the Senate concur in the House amendment as amended.

The motion was agreed to.

HOUSING ACT OF 1955

The Senate resumed the consideration of the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. How much time remains to each side?

The PRESIDING OFFICER. The Senator from Indiana has 35 minutes remaining, and the Senator from Texas has 20 minutes remaining.

Mr. JOHNSON of Texas. Mr. President, I yield 15 minutes to the distinguished junior Senator from Alabama [Mr. SPARKMAN].

The PRESIDING OFFICER. The Senator from Alabama is recognized for 15 minutes.

Mr. SPARKMAN. Mr. President, I feel grateful to the committee as a whole, and also to the subcommittee, for the very excellent work done in the preparation of this bill. That statement applies to the provision now under attack, namely, the one relating to what I often think of as being miscalled public housing. I think the committee did an excellent job when it sought to return to the 1949 act.

I believe that no measure ever received more careful consideration and more thorough study than did the Housing Act of 1949, and I refer particularly to the public housing section of that act.

I do not know where the idea of what we call public housing originated. I know that in 1935 and 1937 acts were passed which provided for a certain amount of so-called public housing; but we never had a program which went to the extent provided by the 1949 program, until that act became law.

By the way, Mr. President, it was in that act that Congress for the first time adopted a housing policy. Sometimes I think we lose sight of the policy Congress then adopted. I am sorry I do not have before me the full policy statement so that I could read it; but I recall that it held out the hope—even though it was recognized as probably being far in the future—that the time might come when every person in the United States would have a reasonable opportunity to live in a decent home, amid decent surroundings. All of that was the outgrowth of the study which was made in connection with this program.

Mr. President, I pay my respects to our very able and distinguished colleague, the senior Senator from Louisiana [Mr. ELLENDER]. He was one of the trio who spearheaded the fight which led to the adoption of the public housing program. That trio was composed of the senior Senator from Louisiana [Mr. ELLENDER], the late Senator Wagner, of New York; and the late and very able and distinguished Republican Senator from Ohio, Robert Taft.

I became a member of the Banking and Currency Committee in January of 1947; and in my first year of service in the Senate and on that committee I became a member of the housing subcommittee. I remember the testimony of

the Senator from Louisiana and the testimony of the late Senator Taft, of Ohio. I remember how they related the various studies which had been made.

I shall always remember how the late Senator Taft, in estimating the number of new units required each year in order to keep the housing program going steadily and normally, reached an estimate that 10 percent of the total number of housing units ought to be in the form of public housing.

Many persons think of public housing as belonging to the Federal Government. The Federal Government does not own any of the so-called public housing. It is owned by the various cities of the country. It is financed by the cities. The bond issues are made by the cities, and not by the Federal Government.

The participation of the Federal Government is in the form of contracts with the individual cities. When I speak of the city, of course I mean the housing authority established by the city. The contract runs from the Federal Government to the local housing authority or to the city. The contract is to the effect that the Federal Government will underwrite the difference between the rent which the needy family living in the particular project is able to pay and the rent which the particular unit needs in order to be an economically operated unit. The maximum limitation fixed for the Federal Government's participation was 4½ percent of the total cost of the project. Figuring on the basis of 4½ percent each year, we know what the so-called maximum contribution may be expected to be. The maximum contribution in every year has been far beyond the amount actually used.

The amount used during the present fiscal year will be $67,800,000. That is the Federal Government's participation in all the contracts which have been made to date for this particular fiscal year. I do not know what the maximum estimate made for this fiscal year was, but probably it was about $110 million.

Public housing fills a very definite need. I believe its origin represented a recognition on the part of the people of the United States, the municipalities, and Members of Congress, that housing was a necessity of life, to as great an extent as medicine, clothing, and food. Cities have always had a certain degree of responsibility for the administration of relief to needy persons. Not so many years ago there was considerable agitation throughout the country in favor of establishing a fourth category under our social security law. That would have been the category of direct relief. I have often thought that perhaps public housing may have had a great effect in staving off the drive to have the Federal Government assume responsibility for taking part in direct relief.

The Capehart amendment proposes 35,000 units for each of the next 2 years.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. JOHNSON of Texas. Mr. President, I yield 5 additional minutes to the Senator from Alabama.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 5 additional minutes.

Mr. SPARKMAN. The Capehart amendment provides for 35,000 units a year. The mayor of Philadelphia, in testifying before our committee as a representative of the American Municipal Association, called attention to the fact that the city of Philadelphia alone needed 70,000 units in order to carry out the provisions of the law, that is, to provide a place for people who were pushed out of the slums, or out of houses which were removed because of parks, highways, and other improvements of various kinds.

Recently President Eisenhower stated that at the rate we are going in cleaning up the slum areas more than 200 years will be required to complete the task.

What are we to do with the people who have to move from the slums? I call attention to the fact that in the very bill we are debating today we have tried to step up the slum clearance program. Every time a slum building is torn down, there are families which must be housed. Where are they to move?

A program calling for 35,000 units a year is not realistic. If we are to have a public-housing program, it certainly ought to approach nearer to reality. I think the distinguished late Senator Taft was realistic when he estimated that 135,000 units a year were needed. That is exactly what is proposed in the bill.

Mr. JOHNSON of Texas. Mr. President, I am informed that the distinguished Senator from Connecticut [Mr. BUSH] has two amendments which he wishes to offer. He does not believe they are very controversial. He has discussed the amendments with the majority leader and with the distinguished chairman of the subcommittee. Therefore I ask unanimous consent that the Capehart amendment be temporarily laid aside, for the purpose of considering the two amendments to be offered by the Senator from Connecticut, and that, at the conclusion of consideration of the two amendments of the Senator from Connecticut, the Senate resume consideration of the Capehart amendment.

The PRESIDING OFFICER. Is there objection?

Mr. CAPEHART. Mr. President, for what reason is this request made?

Mr. JOHNSON of Texas. The Senator from Connecticut wishes to offer two amendments which he has cleared with the majority leader and with the distinguished chairman of the committee.

Mr. CAPEHART. He may have cleared the amendments, but we ought to vote on the pending amendment.

I know that the purpose of the request is so that the Senator from Minnesota [Mr. HUMPHREY] may reach the Chamber in time to vote on the other side.

Mr. JOHNSON of Texas. The Senator is well informed.

Mr. CAPEHART. I wish to get credit for going along.

Mr. JOHNSON of Texas. I appreciate the attitude of the Senator from Indiana.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I deny that the purpose of the Senator from Connecticut is to befriend the Senator from Minnesota [Mr. HUMPHREY].

Mr. BUSH. I thank the Senator from Texas very much.

Mr. JOHNSON of Texas. The Senator from Connecticut raised the question with us, and we attempted to accommodate him. What we expect from the other side of the aisle is not criticism——

Mr. CAPEHART. Mr. President——

Mr. JOHNSON of Texas. I do not yield.

We do not expect criticism when we accommodate the Senator from Connecticut. However, it is often difficult to get along with the Senator from Indiana.

Mr. CAPEHART. I merely wish to get credit for cooperating, so that the able Senator from Minnesota may reach the Chamber in time to vote.

Mr. JOHNSON of Texas. The Senator from Indiana always wishes all the credit he can get—and he gets it.

Mr. BUSH. Mr. President——

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Has the Senator from Connecticut offered his amendment?

Mr. BUSH. I am about to offer it. My amendment is at the desk. It is labeled "Coast Guard." I offer the amendment, and, if there is no objection, I shall summarize the amendment, the purpose of which is to include in the bill an authorization for 10,000 units of Coast Guard housing, in the military section of the bill. Such a provision was included in the 1954 act. The Senator from Alabama has agreed to it, and so has the Senator from Indiana. It was an oversight that the provision was not included in the pending bill. I believe the Senator from Alabama will accept the amendment.

Mr. SPARKMAN. I have no objection, provided the Senator from Indiana has no objection.

Mr. CAPEHART. It was purely an oversight that the provision was not included in the bill. The Coast Guard should have been included. We intended that it should be.

Mr. BUSH. Mr. President, I ask that the reading of the amendment be dispensed with and that it be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment offered by Mr. BUSH is as follows:

On page 40, line 9, strike out "and Air Force" and insert in lieu thereof "Air Force, and Coast Guard."

On page 41, line 11, strike out "$1,350,000,000" and insert in lieu thereof "$1,485,000,000."

On page 55, line 3, insert a comma after the word "month" and add the following: "*Provided*, That, in the case of the United States Coast Guard, total payments for all housing so acquired shall not exceed $900,000 per month."

On page 59, line 3, insert "or the Coast Guard" after the words "Air Force."

On page 59, line 4, insert "or the Coast Guard" after the word "departments."

On page 59, line 20, insert "or the Coast Guard" after the word "departments."

On page 60, after line 6, insert a new section 408 as follows:

"SEC. 408. (a) Wherever the terms 'Secretary of Defense' or 'Secretary' or 'Secretary of the Army, Navy, or Air Force' appear in this title or in title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, they shall be deemed to mean the Secretary of the Treasury in the case of the application of the provisions of this title or of title VIII of the National Housing Act, as amended by the Housing Amendments of 1955, for the benefit of the United States Coast Guard.

"(b) Wherever the term 'armed services' appears in this title it shall be deemed to include the United States Coast Guard."

The PRESIDING OFFICER. Do both Senators yield back the remainder of their time?

Mr. BUSH. I yield back the remainder of my time.

Mr. JOHNSON of Texas. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BUSH].

The amendment was agreed to.

Mr. BUSH. Mr. President, I send another amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. On page 14, immediately after line 8 it is proposed to insert the following as a new subsection (g) of section 108:

Notwithstanding the provisions of any other law, the Housing and Home Finance Administrator is authorized to sell and convey all right, title, and interest of the United States (including any off-site easements) at fair market value as determined by him, in and to war housing project CONN–6028, known as Welles Village, containing 199 Lanham Act housing dwelling units on approximately 34½ acres of land in Glastonbury, Conn., to the housing authority of the town of Glastonbury, Conn., subject to the approval of the legislative body of the town of Glastonbury, for use in providing moderate rental housing. Any sale pursuant to this section shall be on such terms and conditions as the Administrator shall determine: *Provided*, That full payment to the United States shall be required within a period of not to exceed 30 years with interest on the unpaid balance at not to exceed 5 percent per annum: *Provided further*, That the provisions of this subsection shall be effective only during the period ending 12 months after the date of approval of this act.

Mr. BUSH. Mr. President, the amendment is similar to an amendment which was added to the Housing Act of 1954 with respect to the town of Wethersfield, Conn. The amendment would give the Administrator the power to sell the 199 dwelling units in Welles Village to the town of Glastonbury Housing Authority, subject to the approval of the legislative body of that town; and provided further, that it is done within a period of 12 months. The amendment, in substance, is similar to Senate bill 200.

I ask unanimous consent that a letter from the Administrator of the Housing and Home Finance Agency in regard to the bill be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HOUSING AND HOME FINANCE AGENCY,
Washington, D. C., June 6, 1955.

Hon. PRESCOTT BUSH,
United States Senate,
Washington, D. C.

DEAR SENATOR BUSH: You have asked for my further suggestions in the light of comments from your constituents in Glastonbury on my letter to Senator FULBRIGHT, dated April 19, which commented on S. 200, which would authorize the sale of war housing project CONN–6028 to the Glastonbury Housing Authority for use in providing moderate rental housing.

We had suggested in that letter that a proviso be added that, at the time of sale, the Housing Authority of the Town of Glastonbury be authorized to acquire the project and to operate it for moderate rental housing. We also suggested that a cutoff date of 6 months be established so that we would be free to dispose of the project under the usual procedures after a measurable period of time. Your constituents object to the first suggestion because it might raise a question of statutory interpretation as to the existing State statutes and possible amendments thereto in relation to S. 200. They object to the time limit as not sufficient to permit consultation with all the local governmental agencies of Glastonbury involved, and because it will take considerable time for the Federal Government to get its appraisal and start negotiations.

As to the first objection, it is recognized that if the housing authority is not authorized under the laws of the State of Connecticut to purchase the project at the time of sale, no contract could be entered into between this Agency and the housing authority for conveyance of the project. It is, of course, not essential that this proviso relating to legal authorization to purchase be included in the bill. It was suggested only because of the introduction of legislation in the Connecticut Legislature which, if enacted, would prohibit this purchase by the housing authority. We would have no objection to not including our suggested proviso.

As to the objection to a definite time limit, we are still convinced that some specific limit should be inserted in the bill, otherwise the Government will be left waiting indefinitely without power to dispose of the project by the usual means. It seems to us that a period of 6 months should allow sufficient time to complete the details of any sale and allow for local determination, particularly since the legislation is being proposed and sponsored by the locality and is not an administration measure. The request for additional time and the seeming lack of definite plans for the financing of this project, coupled with the apparent objection from some local interests, is called to your attention because of the strict limitations budgetwise which have been placed on us in our appropriation and the urgent need which we have to dispose of our properties expeditiously in order to live within these limitations. We know that you will be appreciative of this problem of ours and will look fully into the possibilities of whether this legislation will unduly delay our disposition program. We can assure you that the Federal Government will have its appraisal and will be ready to negotiate within a few months after the bill is approved, and the local consultations do not have to wait for the appraisal and negotiations.

Your correspondence includes a statement by the Board of Selectmen of Glastonbury that all local groups involved in this matter have agreed that the following language be inserted after the phrase "Housing Authority of the Town of Glastonbury, Conn.":

"Subject to the approval of the Glastonbury town meeting, or the legislative body succeeding to the powers of the town meeting under a change in the form of government, and to such conditions and directives as to resale as may be imposed by said town meeting or legislative body."

This proposal gives us grave concern. We have no authority for policing a project after a sale has been consummated. The enactment of the language proposed by the local groups would charge this Agency with having to assure that any resale of the project is made in accordance with the conditions and directives of the local governing body. It is believed that this proposed amendment is one which should properly be for consideration by the State legislature and not by the Congress. There would be no objection, however, to the inclusion of a provision in the pending measure which would require approval of the sale by the local governing body. The local governing body could condition its approval in any manner it deems appropriate, if the conditions imposed would not place on the Federal Government any responsibility for their enforcement or would not adversely affect the interests of the Federal Government.

Sincerely yours,

AL COLE,
Administrator.

Mr. BUSH. Mr. President, I am prepared to yield back the remainder of my time.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. ELLENDER. Does the Senator know what the project in its entirety cost?

Mr. BUSH. I do not have the figure in mind at the present time.

Mr. ELLENDER. Does the Senator have any idea how much, percentagewise, of the entire cost the Government will obtain?

Mr. BUSH. I have no idea what the Administrator will get for it.

Mr. ELLENDER. Have any firm offers been made?

Mr. BUSH. The price will be subject to negotiation between the Administrator and the town of Glastonbury. The property must be sold at fair market value. I have no information concerning what price may be obtained for it.

Mr. ELLENDER. Are the units to be sold separately?

Mr. BUSH. No; they would be sold en bloc to the town housing authority.

Mr. ELLENDER. In other words, the mortgagor, that is, the one responsible for the debt, regardless of what the debt might be, would be the municipality.

Mr. BUSH. The Senator is correct.

Mr. ELLENDER. Or the municipal housing authority created for the purpose of purchasing the housing.

Mr. BUSH. The Senator is correct. It would be the housing authority of the town.

Mr. SPARKMAN. Mr. President, may I ask the Senator a few questions?

Mr. BUSH. I yield.

Mr. SPARKMAN. The Senator from Connecticut discussed the proposal with me and told me he had received the letter which has been printed in the RECORD. This is the first time I have seen the letter. In order that it may be

a matter of record and so as to develop the situation in the RECORD, I should like to ask a few questions. Is there involved any question of veterans preference or priorities of any kind? I have not had time to read the letter in full. That subject may be discussed in the letter.

Mr. BUSH. I believe it is the intention of the housing authority to use these houses to supply the shortage of moderate rental housing in that area. I do not believe there is anything in the transaction which would give veterans a preference, but I believe the housing authority would do so.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. CAPEHART. I discussed the subject with the Senator from Connecticut. I thought we should agree to take the amendment to conference. The details can always be worked out in conference. There is no question about the principle involved, because the Government wants to sell these houses. Certainly it wants to dispose of them. Of course, the sale should follow the usual procedure, by having them first offered to veterans, and so forth.

Mr. SPARKMAN. Mr. President, I should like to say to the able Senator from Indiana that I agree with him completely that that is the attitude we have taken in committee. However, the Senator will recall that with respect to every other project we have had before us we have always held hearings and we have made a record. There is no record on this project. It may be well to have a few remarks on it in the RECORD.

Mr. CAPEHART. I agree.

Mr. SPARKMAN. It may be that I have not fully understood the nature of the amendment.

Mr. CAPEHART. It seems to me we should take the amendment to conference, with the understanding that if there is any detail we do not understand it may be discussed and straightened out.

Mr. SPARKMAN. Of course, if the House should adopt the same language, the conferees would have no right to go into the matter further.

Mr. CAPEHART. That is correct, but I understand the House is still holding hearings on the subject.

Mr. SPARKMAN. May I ask the Senator from Connecticut if I understand correctly that the houses involved are to be sold as a bloc, not individually?

Mr. BUSH. They are to be sold by the Government en bloc to the housing authority, if that action is approved by the legislative body of the town. Disposition of the units would then be the responsibility of the town, not the Federal Government.

Mr. SPARKMAN. It would not be a question, then, of demolition. In other words, they are still usable houses. Is that correct?

Mr. BUSH. The Senator is correct. I may say the town needs these properties for moderate rental housing. I visited the development. It is a very beautiful little development. It would be used for moderate rental housing.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. DOUGLAS. Does the Senator from Connecticut understand that the Housing and Home Finance Agency has written to the chairman of the Committee on Banking and Currency regarding this matter?

Mr. BUSH. I am sorry; I did not hear the Senator.

Mr. DOUGLAS. Does the Senator understand that the Housing and Home Finance Agency has made comment about this proposal in a letter written to the chairman of the Committee on Banking and Currency?

Mr. BUSH. I did not so understand. I received a letter from the administrator.

Mr. DOUGLAS. Would the Senator be willing to read it for the benefit of the Senate?

Mr. BUSH. I offered the letter for the RECORD.

Mr. DOUGLAS. I have not seen it. I wonder if it would be acceptable to have the Senator from Connecticut read the letter, or have the chairman of the committee read it.

Mr. BUSH. I have no particular interest in reading the letter. I am sure the Senator understands the situation. If the Senator from Illinois wishes to read the letter, he may obtain it from the Senator from Arkansas [Mr. FULBRIGHT], who has it in his hand.

Mr. FULBRIGHT. I have the original letter addressed to the Senator from Connecticut. It is not a long letter. I shall be glad to read it.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the Senator from Arkansas be authorized to read the letter.

The PRESIDING OFFICER. Without objection, the Senator from Arkansas may proceed.

Mr. FULBRIGHT. The letter is dated June 6, 1955, and it is addressed to the Senator from Connecticut [Mr. BUSH]. It reads as follows:

HOUSING AND HOME FINANCE AGENCY,
Washington, D. C., June 6, 1955.

Hon. PRESCOTT BUSH,
United States Senate,
Washington, D. C.

DEAR SENATOR BUSH: You have asked for my further suggestions in the light of comments from your constituents in Glastonbury on my letter to Senator FULBRIGHT, dated April 19, which commented on S. 200, which would authorize the sale of war housing project CONN–6028 to the Glastonbury Housing Authority for use in providing moderate rental housing.

We had suggested in that letter that a proviso be added that, at the time of sale, the Housing Authority of the Town of Glastonbury be authorized to acquire the project and to operate it for moderate rental housing. We also suggested that a cutoff date of 6 months be established so that we would be free to dispose of the project under the usual procedures after a measurable period of time. Your constituents object to the first suggestion because it might raise a question of statutory interpretation as to the existing State statutes and possible amendments thereto in relation to S. 200. They object to the time limit as not sufficient to permit consultation with all the local governmental agencies of Glastonbury involved, and because it will take considerable time for the Federal Government to get its appraisal and start negotiations.

As to the first objection, it is recognized that if the housing authority is not authorized under the laws of the State of Connecticut to purchase the project at the time of sale, no contract could be entered into between this Agency and the housing authority for conveyance of the project. It is, of course, not essential that this proviso relating to legal authorization to purchase be included in the bill. It was suggested only because of the introduction of legislation in the Connecticut Legislature which, if enacted, would prohibit this purchase by the housing authority. We would have no objection to not including our suggested proviso.

As to the objection to a definite time limit, we are still convinced that some specific limit should be inserted in the bill, otherwise the Government will be left waiting indefinitely without power to dispose of the project by the usual means. It seems to us that a period of 6 months should allow sufficient time to complete the details of any sale and allow for local determination, particularly since the legislation is being proposed and sponsored by the locality and is not an administration measure. The request for additional time and the seeming lack of definite plans for the financing of this project, coupled with the apparent objection from some local interests, is called to your attention because of the strict limitations budgetwise which have been placed on us in our appropriation and the urgent need which we have to dispose of our properties expeditiously in order to live within these limitations. We know that you will be appreciative of this problem of ours and will look fully into the possibilities of whether this legislation will unduly delay our disposition program. We can assure you that the Federal Government will have its appraisal and will be ready to negotiate within a few months after the bill is approved, and the local consultations do not have to wait for the appraisal and negotiations.

Your correspondence includes a statement by the Board of Selectmen of Glastonbury that all local groups involved in this matter have agreed that the following language be inserted after the phrase "Housing Authority of the Town of Glastonbury, Conn.":

"Subject to the approval of the Glastonbury town meeting, or the legislative body succeeding to the powers of the town meeting under a change in the form of government, and to such conditions and directives as to resale as may be imposed by said town meeting or legislative body."

This proposal gives us grave concern. We have no authority for policing a project after a sale has been consummated. The enactment of the language proposed by the local groups would charge this Agency with having to assure that any resale of the project is made in accordance with the conditions and directives of the local governing body. It is believed that this proposed amendment is one which should properly be for consideration by the State legislature and not by the Congress. There would be no objection, however, to the inclusion of a provision in the pending measure which would require approval of the sale by the local governing body. The local governing body could condition its approval in any manner it deems appropriate, if the conditions imposed would not place on the Federal Government any responsibility for their enforcement or would not adversely affect the interests of the Federal Government.

Sincerely yours,

AL COLE,
Administrator.

Mr. DOUGLAS. Mr. President, will the Senator from Connecticut yield to me for a question?

Mr. BUSH. I yield.

Mr. DOUGLAS. Will the Senator in- from this body whether the objections raised by the Housing and Home Finance

Agency in their letter of June 6 are met by the amendment of the Senator?

Mr. BUSH. They are met entirely, with the exception of the 6 months' period. We have made it 12 months instead of 6 months, so as to allow a little more time. Otherwise, the objections have been fully met.

Mr. DOUGLAS. Has the Housing Authority of Glastonbury been authorized under the laws of the State of Connecticut?

Mr. BUSH. Yes.

Mr DOUGLAS. Has the proper enabling legislation been introduced in the Legislature of Connecticut?

Mr. BUSH. It is on the statute books. I cannot tell the Senator how grateful I am for his deep interest in our problem.

Mr. DOUGLAS. Has the consent of the local governing board of the town of Glastonbury been obtained?

Mr. BUSH. It would not have to be obtained until the amendment is agreed to. The Senator will wear that copy out. I wish he would send it to the desk.

Mr. DOUGLAS. Mr. Cole says that the proposal that the amendment be subject to the approval of the Glastonbury town meeting gives him grave concern.

Mr. BUSH. The Senator is mistaken. The thing which gave him concern is not in the amendment. He has no concern about it now, at all.

I greatly appreciate the Senator's assistance in bringing out the merits of the case.

Mr. President, I yield back the remainder of my time.

SEVERAL SENATORS. Vote! Vote!

Mr. SPARKMAN. Mr. President, so far as I am concerned, I am perfectly willing to take this amendment to conference. It seems to me that the Senator from Connecticut has made a very satisfactory showing of full compliance with the suggestions of the Housing Agency.

While it is always better to explore these matters in full hearings, when we have plenty of time to go into them in detail, I think what has been done on the floor of the Senate this afternoon is satisfactory, and I am perfectly willing to take the amendment to conference.

Mr. BUSH. I thank the Senator from Alabama.

The PRESIDING OFFICER. Does the Senator from Alabama, acting for the Senator from Texas, yield back his time?

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum, the time to be taken out of the time allotted to our side.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. How much time remains to each side on the amendment?

The PRESIDING OFFICER. The Senator from Connecticut has 51 minutes; the Senator from Texas has 49 minutes.

Mr. JOHNSON of Texas. How much time remains on the bill?

The PRESIDING OFFICER. The Senator from Texas has 36 minutes; the Senator from California has 52 minutes.

CHANGES IN THE ADMINISTRATION OF THE PANAMA CANAL COMPANY

Mr. JOHNSON of Texas. Mr. President, I yield the Senator from Washinton 15 minutes on the amendment.

Mr. FLANDERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FLANDERS. Which amendment is before the Senate?

The PRESIDING OFFICER. The amendment offered by the Senator from Connecticut [Mr. BUSH].

Mr. MAGNUSON. I wish to say to the Senator from Vermont that I am not speaking on an amendment to the pending bill. I am speaking about a bill which I am about to introduce, on which I was going to consume some of the time of the Senate today. To be frank, I know of no better time to do it than now.

Mr. President, I am today introducing a bill which I think is long overdue, and which relates to a matter which has been the subject of a great deal of discussion in our committee for the past 12 and perhaps almost 15 years. It deals with the problem of the Panama Canal, its toll system, and its formula for Government operation.

Under Public Law 841, which was passed during the 81st Congress, 2d session, because of problems growing out of the operation of the canal, the entire operation of the Panama Canal Zone was reorganized, and corporate standards were introduced for the first time. During the hearings leading up to its passage, particular attention was given to the policies then followed by the management of the canal, policies which appeared to place upon the commercial tolls payer an inordinate burden of expenses not directly involved with the transiting of vessels.

In passing Public Law 841, Congress made a clear distinction between the civil government and the canal itself. The old Panama Canal Agency was split into the Panama Canal Company and the Canal Zone Government. The Company was made responsible for the operation of the canal, and certain business-type services, such as the steamship line, terminal, railroad, marine bunkering, hotels, shipyards, powerplants, water system, telephone, printing plants; and such employee services as commissary, clubhouses, and housing.

The civil government was given the responsibility of administering the courts, immigration, and contraband control, school, police, postal service, fire department, roads and streets, customs, public buildings, libraries, sewage, as well as an extensive health and sanitary system, including a mental hospital, quarantine station, and a leprosy colony.

It was believed the 1950 legislation had made clear the congressional intent to clarify and segregate the financial obligation of the tolls payers from the financial obligations of the Government. But that intent has been misinterpreted or ignored in the annual accounting under the law. The tolls payer still is carrying more than his share of the load. Certain amendments to the Canal Zone Code have been prepared which it is hoped will so completely clarify Federal and commercial responsibility at the Panama Canal as to eliminate further administrative disregard of the intent of Public Law 841.

Stated briefly, the bill would do the following:

First. It would adopt the principle of the St. Lawrence Seaway to the Panama Canal, under the general jurisdiction of the Secretary of Commerce.

Second. It would clarify procedures for setting tolls, permit judicial review of tolls decisions, and require frequent review of the toll rates. In addition, it would specify the extent to which tolls revenues, as compared with total company revenues, are to bear the net costs of civil government.

It is not the intent, nor should this bill be so construed, to indicate any denial of the rightful area for military jurisdiction at the Canal Zone. The proposed legislation does not disturb in any way, nor diminish, the extent of strategic control or tactical defense of the Canal Zone. It simply gives expression to the view that the transiting of vessels through the Panama Canal is a business-type function which properly resides in the hands of civilian-type management.

The proposed legislation does not depart from the present statute as regards tolls rates. Its passage would not automatically bring about a tolls reduction. It would, however, pledge to the tolls payer the equity in financial matters which Congress intended in passage of Public Law 841, and which has not been administratively accomplished to date.

Without exception, the proposals contained in the proposed legislation are consistent with recommendations made by the Comptroller General in his 1952, 1953, and 1954 Audit Reports of the Panama Canal.

The provisions of the bill are in accord likewise with the recommendations stemming from the study of the organization and operations of the Panama Canal enterprise, made by the Bureau of the Budget in 1950, at the direction of President Truman. Most of the Budget Bureau's recommendations were ultimately embodied in Public Law 841, 81st Congress, which this bill would supplement and clarify.

Following that 1950 study, the Bureau of the Budget advised the President that responsibility for supervision of the Panama Canal enterprise should be transferred from the Secretary of the Army to the Secretary of Commerce.

However, while approving the other findings of the Budget Bureau study, President Truman withheld approval of this transfer pending further study of the proposal.

As disclosed by the Comptroller General's audit reports on the functioning of the canal operation since Public Law 841 went into effect in 1951, it would seem to be clearly evident that transfer of canal responsibility to the Secretary of Commerce is a must if the will of Congress, as expressed in Public Law 841, 81st Congress, is to be properly interpreted and implemented.

I sincerely hope Members will give full consideration to this bill, in the light of the facts I have cited.

Mr. ELLENDER. Mr. President, will the Senator yield for a question?

Mr. MAGNUSON. I yield.

Mr. ELLENDER. A few of us who serve on the subcommittee of the Committee on Appropriations which deals with funds for the operation of the Panama Canal have been attempting to secure the enactment of legislation which would make it possible to charge tolls which would be sufficient to amortize not only the cost of gates and other depreciable items used in connection with the canal, but also the actual construction of the canal channel itself. I am wondering if the Senator is covering that feature in the proposed legislation—that is, to provide the necessary machinery so that tolls can be increased sufficiently to pay for the entire cost of the canal.

Mr. MAGNUSON. I am familiar with what the Senate Appropriations Committee has been trying to do and with what the Senate Committee on Interstate and Foreign Commerce has been trying to do, and with what is sought to be done by means of Senate bill 841.

The shipping firms using the canal have no objection to paying their just share of the cost of the commercial operation of the canal. However, there are vast military obligations. In the past, an attempt has been made, under the old two-company system, to have the tolls established at such rates that the commercial users of the canal, whose ships come from the gulf coast and from the west coast, would begin to pay the cost of the defense and military operation of the canal, which is great.

All we suggest is that a division be made. Once that is done, and once the commercial operations can be determined by means of bookkeeping and audits, of course, the tolls charged should be consistent with the cost of the commercial operation of the canal. But no such division has been made.

For instance, a few weeks ago the Department of Defense proposed to purchase more land from the Government of Panama. Naturally, Panama wishes to be paid for the land. The land would be used solely for the purpose of enlarging our defenses of the canal. But it was proposed that the tolls and profits, if any, of the Panama Canal Company pay for the additional land, which will be used purely for defense functions.

The Panama Canal Company has been operating many services, which in large part are used by the military. We are trying to have a division made, so that the Government operations for the defense of the canal will be handled under one audit, and the commercial use of the canal will be handled under another audit. That would be done without regard to either raising or lowering the tolls.

Mr. ELLENDER. Mr. President, I suggest to the Senator from Washington that the tolls have not been changed since 1938. The only expenses actually paid out of the tolls are those incident to the operation of the canal and the depreciation of such items as the locks and the buildings and other facilities erected and used in connection with operation of the canal.

Mr. JOHNSON of Texas. Mr. President, I must leave the Chamber for a few minutes. I yield 10 additional minutes to the Senator from Washington.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The Senator from Washington is recognized for 10 more minutes.

Mr. ELLENDER. Mr. President——

Mr. MAGNUSON. I yield further to the Senator from Louisiana.

Mr. ELLENDER. Let me state that although the cost of digging the canal amounted to $286 million, not one cent of that amount has been repaid to the Treasury of the United States. That is not considered depreciable, and is not repayable under existing law.

From the reading I have done, it is my recollection that when the canal was built, approximately 50 years ago, there was an understanding that the tolls would be set high enough not only to pay the cost of operation and the cost of all depreciable items, but also the actual cost of the digging of the canal, whereas up to the present time not one cent of the cost of the digging has been repaid.

Does not the Senator from Washington think provision should be made so that the tolls charged would be sufficient not only to pay the cost of operation and to pay for the depreciable items, but also to pay for the actual cost of digging the canal?

Mr. MAGNUSON. I still contend that the commercial interests should pay their share, on a pro rata basis, of the cost of operating the canal. Certainly they should pay for their use of the canal, which was built not only for commercial purposes, but also for defense purposes. In fact, literally thousands of Government vessels transit the canal free of charge.

Mr. ELLENDER. But under the new arrangement, such vessels pay the same tolls as those paid by other vessels.

Mr. MAGNUSON. That is a bookkeeping transaction; the Government vessels reimburse the Canal Company from the appropriations the Congress makes for those governmental agencies.

Mr. ELLENDER. But the Canal Company receives that much additional revenue.

Mr. MAGNUSON. However, we try to allocate the costs under the capital investment. The capital investment belongs to the Department of Defense.

Mr. ELLENDER. Mr. President, I ask my friend, the Senator from Washington, when he considers this bill, to take into consideration the studies which were made by some of us who served on the committees which made on-the-spot inspections of the canal and the suggestions which have been made by some of the past administrators of this facility.

I am very anxious that the Senator from Washington give consideration to a proposal whereby the tolls will be increased until they are sufficient to pay all the actual cost of constructing the canal. I know that was the intention of those who fostered the original legislation, away back in 1902, or perhaps it was earlier than that. I believe it would be appropriate, in connection with the consideration of this bill, that attention be given to the proposal to provide sufficient funds to retire the entire cost of construction.

Mr. MAGNUSON. Mr. President, I have all the figures before me. Last year the canal tolls were $31,973,000. The credit for United States Government vessels was $5,500,000, or quite a large percentage. The sale of commodities amounted to $25 million. The sale of services—to which I have previously referred; for instance, a railroad and a hospital are operated—amounted to $22 million.

As a matter of fact, the Canal Company apparently is making, according to these figures, revenues of almost $50 million on services and the sale of commodities. The rental of quarters amounts to another $2 million. The total is almost $53 million. Only $32 million comes from the tolls. The total revenue is $88 million.

The net income before interest was approximately $13 million; but interest in the amount of approximately $6,600,000 was paid, last year, to the United States Treasury. The figure I have stated does not include the bookkeeping account of the transfer made for the use of the canal by Government vessels.

The net income for the year, as tentatively stated, is approximately $7,200,000.

Mr. FULBRIGHT. Is that before or after depreciation?

Mr. MAGNUSON. It is after depreciation.

The general administrative expenses totaled 24 percent; the net operating expenses before intracompany costs and distribution of sales to the zone government totaled 20 percent; and the net operating costs or expenses were 25 percent—or a total of 94 percent. So apparently a 6-percent profit is being made.

Mr. ELLENDER. Six percent of what?

Mr. MAGNUSON. Six percent of the cost of operation. But interest in the amount of approximately $6,600,000 was paid to the United States Treasury.

Mr. ELLENDER. Mr. President, I desire to point out that an interest charge is made on the cost of the canal to which

I have been referring, namely, the cost which is not being repaid to the Treasury. The interest charge is not only on the investment in depreciable items, but also on the cost of constructing the canal. It does not include interest accrued during construction, which is considered a defense cost.

Mr. MAGNUSON. Yes, and last year the interest charge was $6,668,000, or approximately 9 percent on a gross revenue of approximately $88,600,000.

The Senator from Louisiana is correct. I think we ought to have this information in the RECORD. The book value of lands, titles, and treaty rights is $14,803,000. There is no depreciation on that item. The figure representing the building of the canal, including fills and embankments, totals $236,026,000, and that is depreciated every year by approximately $2,800,000, leaving, under the new system, a net of $233 million under the head of valuation.

The canal locks and appurtenances cost $85 million, and those are depreciated to the tune of $34 million. The figure for vessels, such as tugs, and other floating plants, is $14 million, and that item is being depreciated pretty fast. Buildings and shipyard structures show a balance of $7,749,083. The total valuation of everything is $358,825,010. The accumulated depreciation as of June 30, 1953, on $358 million plus, is $50 million, in round figures, leaving more than $300 million yet to be depreciated. So the Senator's figure is somewhat conservative.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. ELLENDER. I suggest to my friend that the statement be placed in the RECORD, because I think the testimony which was taken by our committee only last week showed that no depreciation is now being taken on that part of the cost of the canal representing excavation. The only portion of the cost which is being depreciated is the cost of the buildings which are occupied by those who are connected with the canal—the locks, as well as hospitals, and other facilities built on the site of the canal, and which are used in its operation.

So far as the actual cost of excavation is concerned, my recollection is that no depreciation is taken from that figure. However, I wish to reiterate that the Government is receiving interest at the going rate on the actual cost of excavation. My recollection is that that amount was $286 million.

Mr. MAGNUSON. I think what the Senator means is that prior to this discussion there was no depreciation on the figure representing the cost of the actual digging of the ditch. There was depreciation on the locks.

Mr. ELLENDER. That is correct.

Mr. MAGNUSON. They were depreciated from $85 million to $34 million. Also there was depreciation on vessels and on buildings. But the cost of the actual digging of the ditch has been depreciated so far by only $3 million. The total depreciation, on the total value, is still about $50 million.

The purpose of what we are trying to do is to audit these accounts, as the Comptroller General has suggested. That is provided for in the law. I am sure the Senator voted for that provision, which would enable us to differentiate between defense items and commercial items. No commercial shipper, whether he flies the American flag or any other flag, can reasonably object to paying an equitable share of the tolls, in order to defray the cost of operating the canal from the commercial standpoint.

But the commercial features have been confused with the defense features, and with business features, including the old Panama Railroad, which I understand should probably be abandoned. It is not being used any more except for sightseers. The accounts should be placed on such a basis that it will be possible to determine commercial worth, depreciation, and value.

After such a determination has been made, the commercial costs can be taken care of tollwise, and the Defense Department can take care of its share. The Government would pay its fair share, which is something new. I think Government ships have heretofore gone through the canal free. The Defense agencies should pay their fair share to the Panama Canal Company out of their budgets, in the form of regular tolls. That is the purpose of the proposed legislation.

Mr. President, I have quoted certain figures. Some of the figures were taken from the Panama Canal Company's second annual report to Congress.

The PRESIDING OFFICER. The time of the Senator from Washington has expired.

Mr. MAGNUSON. Mr. President, will the Senator from Texas yield me 5 additional minutes?

Mr. JOHNSON of Texas. I shall be glad to yield in a moment.

Mr. President, the distinguished Senator from Indiana [Mr. CAPEHART] and the distinguished Senator from Alabama [Mr. SPARKMAN] would like to have considered at this time an amendment to be offered by the Senator from California [Mr. KUCHEL]. How much time does the Senator from California think will be required to explain the amendment?

Mr. KUCHEL. Not more than 1 or 2 minutes.

Mr. JOHNSON of Texas. I yield 5 additional minutes to the Senator from Washington.

Mr. MAGNUSON. As I previously stated, I have quoted certain figures for the RECORD. The Senator from Louisiana [Mr. ELLENDER], who is a member of the Committee on Appropriations, has stated certain figures from memory.

The source of some of the figures which I quoted is the Panama Canal Company's second annual report of 1953.

Certain other figures were compiled by the Association of American Shipowners, and they are necessarily to be interpreted in that light.

The Senator from Louisiana may have some of those figures, but for the purpose of the record, I shall ask permission to have printed in the RECORD the May 1955, issue of Shipping Survey, published by the Association of American Shipowners. The statement, under the heading "Panama Canal Tolls Formula Applied," points out the necessity for this type of legislation. I think the figures therein will be of interest not only to Senators generally, but particularly to members of the Committee on Appropriations, including the Senator from Louisiana and myself.

There is clearly a question of depreciation for the initial cost of the canal. The Senator from Arkansas asked me informally what it costs to take a ship through the Panama Canal. The average cost is about $2,800 to $3,000 for each transit of a typical 10,000-ton dry cargo ship. Then the Senator from Arkansas asked me how much it would cost for a ship to go around Cape Horn. I should say that the cost would be considerable, because on a comparable 10,000-ton ship flying the American flag the cost to make the run around the Horn would run as high as $4,200 a day.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. FULBRIGHT. How many days does it take for a ship to go around South America?

Mr. MAGNUSON. For an 18-knot ship—and I shall have to figure this faster than I ordinarily can in my head—it would take many many days.

Mr. FULBRIGHT. Would it take 30 days?

Mr. MAGNUSON. It would not take 30 days, but it would take between 15 and 20 days to make the trip around Cape Horn.

Mr. FULBRIGHT. How long does it take to go through the canal? Is is about 1 day?

Mr. MAGNUSON. The time cannot be computed in just that way, because it is necessary for the ship to go into the canal, and then there is the time of transit through the canal. It could probably be done within a 24-hour period or a 12-hour period in most cases, so far as the transit through the canal is concerned. Then the ship would have to move out of the canal.

I have hoped for some years that we would build another canal, through Nicaragua. That proposal is a very feasible one. In consonance with what the Senator from Arkansas points out, if something should happen to the Panama Canal and to the Suez Canal, we would not have available sufficient tonnage to fight any kind of war in the remote areas of Asia.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. JOHNSON of Texas. I ask unanimous consent that at the conclusion of the Senator's 5 minutes, consideration of the Capehart amendment be temporarily suspended in order that the Senate may consider the Kuchel amendment and the Byrd amendment, and any other amendments to the housing bill which are noncontroversial.

The PRESIDING OFFICER. The Chair advises the Senator that the pending question is on the amendment of the Senator from Connecticut [Mr. BUSH].

Mr. JOHNSON of Texas. I have asked for unanimous consent that the Senate may consider the amendments I have mentioned. I make that unanimous-consent request.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. MAGNUSON. Mr. President, in view of the last unanimous-consent request, I believe that perhaps I have said enough today on the bill.

Mr. President, I now introduce the bill and ask for its appropriate reference. I ask unanimous consent that the matter to which I have referred be printed in the RECORD.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the matter referred to by the Senator from Washington will be printed in the RECORD.

The bill (S. 2167) to make certain changes in the administration of the Panama Canal Company, and for other purposes, introduced by Mr. MAGNUSON, was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The matter presented by Mr. MAGNUSON is as follows:

PANAMA CANAL TOLLS FORMULA APPLIED—ESTIMATES INDICATE DELAY IN APPLYING LAW RESULTS IN SUBSTANTIAL OVERPAYMENTS BY SHIPPING

The formula prescribed by Congress for use in fixing toll rates for transiting the Panama Canal directs the Panama Canal Company to establish a rate which will cover (a) "all costs of maintaining and operating the Panama Canal, together with the facilities and appurtenances related thereto, including interest and depreciation" and (b) an appropriate share of the net costs of operation of the Canal Zone Government. Thus the formula appears to be both simple and businesslike.

Despite the fact that this statutory formula was enacted in June 1950, the Panama Canal Company seems to have made no effort to apply it. Instead, the old arbitrary rate of 90 cents a laden ton has been continued in force. But the apparent unwillingness of Company officials to do what Congress has so clearly intended of them has naturally prompted study to discover what approximate level of toll charges could reasonably be expected to result from an objective and conscientious application of the statutory formula.

HISTORY OF THE COMPANY

The Panama Canal Company is a successor to the former Panama Railroad Company, which was incorporated in New York in 1849. The Railroad Company operated a number of commercial enterprises in or in connection with the Canal Zone, such as the railroad, a steamship line, commissaries, hotels, laundries, manufacturing plants, a telephone system, and the like. But the Railroad Company never owned or operated the canal itself. From 1914 to 1951 the canal was operated by the independent agency of the United States known as the Panama Canal. The same agency operated the zone government and several other commercial businesses, such as fueling stations and ship-repair yards.

In 1948 the Corporation gave up its New York charter and was reincorporated under Federal laws. As required by statute, the reincorporated Company (which retained the name Panama Railroad Company) was obliged annually to pay interest to the United States Treasury "on the net direct investment of the Government in the corporation." It is important to bear in mind that at this point the Corporation did not own the canal. In general, the net direct investment referred to in the statute included the following: (a) $1 (being the arbitrary and nominal amount assigned to the assets inherited from the New York corporation), (b) the value of subsequent property additions to the Railroad Company properties, and (c) the value of properties later transferred to it from other agencies.

In 1950 the law was amended to change the name of the company to the Panama Canal Company and to authorize the transfer to the Company of the following two classes of assets owned until that time by the Panama Canal Agency: (1) the Canal, together with related facilities and appurtenances, and (2) facilities and appurtenances authorized to be operated by the Agency under section 51 of the Panama Canal Code. These section 51 assets included a great number of commercial operations, including docks, wharves, salvage and towing facilities, dredging facilities and the power system.

One year later the old Panama Canal Agency was dissolved. Such of its properties as related to governmental functions were transferred to the Canal Zone Government and the Canal and the section 51 commercial assets were transferred to the Company.

The transfer to the Canal Company of the Canal and the section 51 assets served to increase the net direct investment of the government in that corporation. Consequently, and in accordance with the 1948 act, the Canal Company, as it was now known, became obligated to pay interest to the extent earned on a substantially larger investment. But just how much larger the investment and the interest obligation became remained to be determined on the basis of standards that are set forth in the statute and that will be considered shortly.

At this point it may be well to note that the law uses the term interest in two different places. First, under the law as enacted in 1948 the Company is told to pay interest to the extent earned on the government's net direct investment in the Company, and this investment now comprises the following classes of property:

1. The original railroad company properties (valued at $1);

2. Subsequent additions to the railroad company properties;

3. Properties relating to section 51 commercial operations transferred from the Canal Agency in 1951 (not yet valued); and

4. The canal and its facilities and appurtenances related thereto transferred from the Canal Agency in 1951 (not yet valued).

The 1950 law, after directing the transfer of the canal and the section 51 properties to the Railroad Company, then prescribed the tolls formula. It required that tolls be adequate to cover, among other expenses, "interest" on the canal.

Notwithstanding general agreement among the lawyers who represent both the Government and industry that interest in the toll formula was not intended to be the same as the preexisting interest obligation applicable to all the Company's enterprises, its management now takes what appears to be a conflicting, arbitrary, and illegal position. Actual Canal Company policy seems to be that, irrespective of the law, canal tolls must be made to cover losses on various commercial operations that Congress intended to exclude from tolls calculations.

TOLLS SUPPLY 94 PER CENT OF OPERATING INCOME

How the Company's affairs are handled is demonstrated in its last published income statement for fiscal 1953, which is reprinted in table I. The statement seems to require the following observations:

1. On the basis of its own figures, the Company made $7.2 million, which indicates that tolls exceeded the statutory formula by 18 cents, or 25 percent.

2. Although the Company lists its operating revenue and expenses under four separate categories, it fails to allocate among them zone government expenses or interest charges.

3. The canal's revenue, expenses, and net income are not separately accounted for but are combined with "related marine operations" which include docks, towing, salvage, and other operations.

4. The volume of the canal and marine operations compares with overall Company operations as follows:

	Total	Canal and related marine operations	Percent of total
General and administrative expenses	$2,745,327	$660,932	24
Net operating expenses (before intracompany cost distribution and sales to Zone Government)	81,915,989	16,256,503	20
Net operating expenses	63,112,041	16,040,378	25

(These percentages approximate the 27 percent ratio that the number of canal employees bears to the total of commercial employees and canal employees.)

5. The relative contribution of canal operations to total Company operating income is indicated by the following:

Operating income:	
Total	$25,541,727
Canal and related marine operations	$23,998,376
Percent of total	94

These figures point to one rather definite conclusion. Canal and marine operations represent only 25 percent of the volume of the Company's business, yet they are made to return 94 percent of the operating income. Other Company operations represent 75 percent of the volume and are made to return only 6 percent of the operating income. Prices established for transiting the canal must be high, indeed, when compared with the Company's prices for other commercial sales and services.

Because the Canal Company has not disclosed information that is essential to have in the computation of a definitive toll rate, all that can be done is to explore what rate would result on the basis of the data at hand. That can rather easily be done, but it should be remembered that a rate computed objectively and conscientiously by applying the statutory formula to the actual but undisclosed figures would in all probability be lower than the one that results from the calculations that are discussed below.

At the outset it should be pointed out that a proper computation of the toll rate requires the "related marine operations" to be extracted from the figures in table I in the column "Canal and related marine operations." We note in that table that revenues from "Related marine operations" amounted to only $2.5 million, but the expenses chargeable to those operations are not separately stated. If we assume that such expenses were about equal to the revenue, then the two would balance each other out and the "Operating income" figure of about $24 million would represent canal operations alone.

TABLE I.—*Panama Canal Company—Income statement, year ended June 30, 1953*

	Total	Canal and related marine operations	Auxiliary operations	Employee services	Other supporting services
Revenue:					
Canal tolls	$31,973,209	$31,973,209			
Credit for tolls on U. S. Government vessels	5,557,682	5,557,682			
Sales of commodities	25,972,408		$59,647	$22,811,773	$3,100,988
Sales of services	22,992,888	2,507,863	10,373,067	3,060,958	7,051,000
Rental of quarters	2,157,581			2,157,581	
Total revenue	88,653,768	40,038,754	10,432,714	28,030,312	10,151,988
Operating expenses:					
Direct expenses, including intracompany cost transfers	50,976,039	12,426,502	11,510,368	9,102,826	17,936,343
Cost of goods sold and transferred	22,167,495		50,568	19,724,962	2,391,965
Allowances for depreciation	4,719,964	1,846,569	935,557	856,301	1,081,537
General and administrative expenses, net of $81,705 revenue and of $585,421 allocated to Canal Zone Government	2,745,327	660,932	440,571	672,079	971,745
Accrual for overhauls of Canal locks	962,962	962,962			
Annuity to Republic of Panama	430,000	430,000			
Net proceeds from fixed assets retired	(104,266)	(70,462)		(23,633)	(10,171)
Net book value of fixed assets retired	18,468		347	7,447	10,674
	81,915,989	16,256,503	12,937,411	30,339,982	22,382,093
Less intracompany cost distributions and sales and services to Canal Zone Government	18,803,948	216,125	2,936,006	2,802,095	12,849,722
Net operating expenses	63,112,041	16,040,378	10,001,405	27,537,887	9,532,371
Operating income	25,541,727	23,998,376	431,309	492,425	619,617
General corporate charges, net:					
Net cost of Canal Zone Government (including abandoned capital projects written off, $1,139,273)	11,319,656				
Abandoned capital projects of the Company written off	269,703				
Maintenance of idle defense facilities	140,742				
Nonoperating credits and miscellaneous income	(58,232)	(Not separately allocated)			
Total	11,671,869				
Net income before interest	13,869,858				
Interest payable to U. S. Treasury	6,668,895				
Net income for year as tentatively stated	7,200,963				

Source: Panama Canal Company, Second Annual Report 1953, p. 49; H. R. Doc. No. 476, 83d Cong., 2d sess.

ALLOCATION OF ZONE COSTS

One of the charges allocable to tolls is an appropriate share of net zone government costs. The full reported net zone government costs run to $11.3 million. The statutory tolls formula requires that in determining what is appropriate, "substantial weight shall be given to the ratio of the estimated gross revenues from tolls to the estimated total gross revenues" of the Company. That ratio is to be adjusted on the basis of other considerations that are not important here because they have been weighed by the General Accounting Office in arriving at its finding referred to below. That finding is adopted for present purposes. It is interesting to note, however, that the report to the Senate Committee on Armed Services when considering the proposal for this formula in 1950 said:

"In addition to paying for the cost of operating and maintaining the canal, it is estimated that about 50 percent of the cost of the civil government would be supported by the tolls collected from transit revenues."

It seems clear that the $1.1 million included in the net zone government costs for the "abandoned capital projects written off" is a nonrecurring capital charge that cannot be fairly charged to the Company's income or to tolls. That leaves approximately $10 million of reported zone costs. The General Accounting Office has estimated that application of the revenue formula would result in an allocation of 63 percent of the net zone cost as a charge to tolls. The maximum therefore chageable to tolls by applying this formula would be $6.3 million. (This is without allowing for the fact that toll revenues are on their face higher in amount than can be legally justified. An appropriate reduction in toll revenues would lower the ratio of tolls to other revenues. This more equitable ratio would bring about a further reduction in the toll rate.)

INTEREST CHARGEABLE TO TOLLS

It is of course necessary that interest charges be properly allocated to tolls. This involves an identification of the properties comprising the canal and the facilities and appurtenances related thereto. And of course it also involves a valuation of those properties. Since properties that are depreciable have apparently already been identified and valued for purposes of depreciation, the only problem left would appear to be the identification and valuation of the so-called nondepreciable items that are to be included. These comprise land, titles, and treaty rights, and excavations and fills. Countless company reports have identified these items and have assigned book values to them, as indicated in table II. It is therefore difficult to understand why the interest allocation is being delayed.

The principal standard that the law says must be used in valuing properties transferred to the company is cost less depreciation. The law also provides, however, that due consideration should be given:

(a) to the cost and probable earning power of the transferred assets. (Since the earnings of the canal are controlled by the tolls formula, this requirement apparently relates to the commercial properties.)

(b) to usable value, if less than cost. (A number of properties in the property account, such as abandoned projects, have no usable value.)

In addition to the deduction from cost for depreciation, a further deduction is authorized for other reasonable determinable shrinkages in values.

Most important, however, is the provision of the statute specifically requiring that—

"There shall be excluded from such amount any portion of the value of the transferred property which is properly allocable to national defense."

The resulting valuation is then subject to approval by the Bureau of the Budget.

CANAL BOOK VALUES

The book values as of June 30, 1953, of the properties related to the canal are set forth in table II:

TABLE II.—*Book values of properties used in canal and related marine operations*

	Balances	Act of June 30, 1953, accumulated depreciation	Net
Land, titles and treaty rights	$14,803,929		$14,803,929
Canal excavations, fills and embankments	236,026,460	$2,808,491	233,217,969
Canal locks and appurtances	85,892,024	34,774,674	51,117,350
Vessels and other floating plant [1]	14,353,514	8,207,113	6,146,401
Buildings, other structures and equipment	7,749,083	3,594,379	4,154,704
Total	358,825,010	49,384,657	309,440,353

[1] Includes properties used in "related marine operations" that should be excluded for tolls purposes.

It is impossible from the published reports to know whether these book values reflect adequate provision for depreciation in prior years. That these values are, in any case, excessive is admitted in a footnote to the 1953 financial statement, which says that the values do not exclude $57 million of "major valuation adjustments."

Of the $309 million in book values, $238 million represents properties which have been classified as "nondepreciables." The Panama Canal Company is now sponsoring legislation which would make these so-called nondepreciables actually depreciable at the rate of 1 percent per year, but starting only with 1951. (The new St. Lawrence Seaway law requires depreciation at a rate of not less than 2 percent.) In constructing a toll rate, therefore, it may be necessary to make some provision for depreciation of these nondepreciables. But the Canal Company should be consistent. If depreciation on nondepreciables is to be included as an element of cost of current operation, it should also be included as a deduction from original cost in computing the valuation to be put on such property for purposes of determining what interest is to be covered by tolls charges. The way depreciation on nondepreciables would work is shown in columns C and D of the schedule of indicated toll rates in table III.

The book values set forth above do not reflect deduction for the value of the canal to the national defense, and, as has been noted, the value of transferred property properly allocable to national defense is required to be excluded. The history of the Panama Canal is replete with testimony and evidence that it was built primarily for defense and that its availability has permitted economies in naval appropriations many times the initial cost of the canal. In columns B and D of table III showing indicated toll rates this deduction is taken at an arbitrary 50 percent.

The indicated toll rates are, of course, based on 1953 costs and volume of traffic. Since that is so, it is of interest to inquire what would happen to the rate if the drop in toll revenue should materialize that has been predicted by the Company. At the end of March the Company estimated a drop for 1955, 1956, and 1957 to $35 million, as against the figure of $37.5 that prevailed in 1952 and 1953. But that would require only 4 cents more a ton than the indicated rates computed on the basis of 1953 traffic. So the conclusion seems inescapable that present

rates are excessive and that they are unjustifiable.

Quite clearly, it is the affirmative duty of Company management to obey the law and to put an end to the inequitable situation that now exists. It was generally thought that Congress had solved these problems in 1950. This study seems to bear out that conclusion and to point to another, namely, that the obvious intent of Congress is being frustrated by administrative noncompliance and disregard.

TABLE III.—*Indicated toll rates based on 1953 transits, operating costs, book values, and specified adjustments*

	(A) Without defense deduction	(B) With 50 percent defense deduction	(C) With nondepreciables depreciated at 1 percent and no defense deduction	(D) With nondepreciables depreciated at 1 percent and 50 percent defense deduction
Operating expenses [1]	$13,532,515	$13,532,515	$13,532,515	$13,532,515
Share of zone costs	6,300,000	6,300,000	6,300,000	6,300,000
2.05 percent interest on depreciables [2]	1,455,500	727,750	1,455,500	727,750
2.05 percent interest on nondepreciables [3]	4,879,000	2,439,500	2,927,400	1,463,700
Additional depreciation on nondepreciables			1,428,000	714,000
Required toll revenues [4]	26,167,015	22,999,765	25,643,415	22,737,965
Indicated toll rates on 1953 traffic—cents	63	55	61½	54½
Indicated toll rates on Company's traffic estimates for 1955–57—cents	67	59	65½	58½

[1] "Net operating expenses," table I, of $16,040,378, less expenses of "sales of service" assumed to be in same amount as $2,507,863 revenues therefrom.
[2] Depreciables amount to approximately $71 million.
[3] Nondepreciables amount to approximately $238 million; if depreciated at 1 percent for 40 years, their depreciated cost would be $142.8 million in 1953; at 2 percent, $47.6 million.
[4] Does not reflect $1,183,000 reduction in interest which would have resulted from "major valuation adjustments" developed during fiscal 1953 but not applied in financial statements. Panama Canal Company Annual Report, 1953, p. 50.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. FULBRIGHT. Does the Senator have any information about the operation of the Suez Canal which he might include with the other figures?

Mr. MAGNUSON. The Suez Canal is operated by a private corporation, mainly owned by French stockholders. It cost very little to build compared with the cost of building the Panama Canal. That is mainly due to the fact that cheap Egyptian labor was used in its construction. The operation and maintenance costs are not at all comparable with those of the Panama Canal. Its tolls are quite high. It has been operating for a long time and it has been a very successful operation for the corporate stockholders. I understand that it will revert to the Egyptian Government after a certain period of years.

LEAVE OF ABSENCE

Mr. FULBRIGHT. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. FULBRIGHT. I ask unanimous consent to be absent from the session of the Senate tomorrow. I must attend a commencement exercise at Rutgers University, where I am to receive a degree with the junior Senator from New Jersey [Mr. CASE].

Mr. MAGNUSON. I wish to take another minute of my time to compliment the Senator from Arkansas. I do not know how many degrees he has already received. Does the Senator know?

Mr. FULBRIGHT. I do not know exactly at the moment.

Mr. MAGNUSON. The Senator can not count them all. However, he has become a very distinguished scholar. He is Professor and Dr. FULBRIGHT.

The PRESIDING OFFICER. Without objection, the leave is granted. The time of the Senator from Washington has expired.

HOUSING ACT OF 1955

The Senate resumed the consideration of the bill (S. 2126) to extend and clarify laws relating to the provision and improvement of housing, the elimination and prevention of slums, the conservation and development of urban communities, the financing of vitally needed public works, and for other purposes.

Mr. BYRD. Mr. President, I offer an amendment and ask that it be stated.

The PRESIDING OFFICER. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 55, after line 3, it is proposed to insert the following new subsection:

(d) The Secretary of Defense shall not acquire or operate any housing under authority of this section unless the Corps of Engineers, in the case of housing for Army or Air Force personnel, the Chief of the Bureau of Yards and Docks, in the case of housing for Navy or Marine personnel, or the Office of Engineering, United States Coast Guard, in the case of housing for Coast Guard personnel, has made a thorough inspection of such housing and certifies that it has been constructed in substantial conformity with the plans and specifications.

Mr. BYRD. Mr. President, this amendment to the pending housing bill (S. 2126) simply requires that before the Secretary of Defense takes over any of the new Wherry projects they shall be subject to inspection, and certification that they have been constructed "in substantial conformity with the plans and specifications, in conformity with accepted standards for that type housing, and at reasonable cost."

Under the amendment this inspection would be made by the Corps of Army Engineers in the case of new Wherry housing for the Army Department and the Air Force Department. The inspection for new Wherry housing for the Navy and Marine Corps would be made by the Bureau of Yards and Docks.

There is only one reason for the amendment. It is to assure that the Government is getting what it is paying for.

The amendment has been submitted to the Senator from Indiana [Mr. CAPEHART] and to the Senator from Alabama [Mr. SPARKMAN].

Mr. CAPEHART. Mr. President, I believe the amendment strengthens the bill which I introduced, rather than the bill introduced by the former Senator from Nebraska [Mr. WHERRY]. I suggest that the amendment be taken to conference.

Mr. SPARKMAN. The only question I raise—and I raise it merely as a question—is whether the amendment, if adopted, would not bring about the same trouble we had with the Wherry housing. Not one project of Wherry housing has been started since the enactment of the Housing Act of 1954. That is not altogether due to the fact that there has been a great deal of red tape, but that certainly was one of the great hindrances, according to all reports. In other words, the more agencies that are brought into the picture, it seems to me, the more opportunity there is for delay and the greater discouragement there is for such project to get under way. Of course, the Secretary of Defense could utilize services of these referred to in the amendment whether or not he was required to do so by law. I say to the Senator from Indiana it seems to me the amendment may very well be taken to conference. In the meantime it might be well to check it with the other agencies that are concerned and to give further thought to it. It seems to me, as the Senator from Indiana suggests, it may make some contribution toward strengthening the program.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LANGER. Was the amendment presented to the committee?

Mr. SPARKMAN. No; this amendment was not considered by the committee. The Senator from Virginia [Mr. BYRD] has submitted it on the floor. It proposes to require the military to make more specific and more definite checking and certification of this aspect of the program. I had understood that the Senator from Indiana agreed to it with certain words stricken out.

Mr. CAPEHART. Those words have been stricken out.

Mr. SPARKMAN. They were not stricken in the mimeographed copy of the amendment.

Mr. CAPEHART. They were stricken in the amendment as reported to the Senate.

Mr. SPARKMAN. It seems to me that the words in the last line would make the amendment unworkable.

Mr. CAPEHART. Those words have been stricken. The amendment, as now worded, is a proper amendment.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. The reason the Senator from Alabama wishes to make inquiry of the various agencies is that the amendment was not submitted to the full committee. Is that correct?

Mr. SPARKMAN. Yes; we have not had an opportunity to make the study

of it in committee we would ordinarily make of an amendment. We want to thresh the question out with all concerned and to obtain their opinions.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Virginia yield back the remainder of his time?

Mr. BYRD. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Virginia [Mr. BYRD].

The amendment was agreed to.

Mr. KUCHEL. Mr. President, on behalf of my colleague, the senior Senator from California, and myself, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. Does the Senator desire to have it read?

Mr. KUCHEL. No, Mr. President.

The PRESIDING OFFICER. The amendment offered by the Senators from California will be printed in the RECORD at this point.

The amendment offered by Mr. KUCHEL for himself and Mr. KNOWLAND is as follows:

On page 14, between lines 8 and 9, insert a new subsection, as follows:

"(g) The act entitled 'An act to expedite the provision of housing in connection with national defense, and for other purposes,' approved October 14, 1940, as amended, is hereby amended by amending the last paragraph of section 605 (a) to read as follows:

"'In any city in which, on March 1, 1953, there were more than 10,000 temporary housing units held by the United States of America, or in any two contiguous cities in one of which there were on such date more than 10,000 temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any or all lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veterans' housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will tend to expedite the orderly disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, and will tend to expedite the transition of the city from a war-affected community containing, as of said date, a large number of temporary houses to a community having additional permanent, well-planned, residential neighborhoods, (2) the local governing body of the city makes a like finding and requests the Administrator to acquire such title to the land, and (3) the city has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: *Provided*, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding 425 acres of land in the general area in which approximately 1,500 units of temporary housing held by the United States of America were unoccupied on said date: *And provided further*, That funds for such acquisition by the Administrator, which are authorized, pursuant to subsection (c) of this section and title II of the Independent Offices Appropriation Act, 1955, to be expended from the revolving fund established by that title under the heading "Housing and Home Finance Agency Office of the Administrator, revolving fund," shall be taken into consideration, to the extent that they are needed, in making any determination pursuant to the second proviso under that heading. All or any part of any land so acquired by the Administrator may, during the 5-year period following the date of its acquisition, be sold by the Administrator, through negotiated sale, to such city or any local public agency where (1) the city or local public agency has represented to the Administrator that it is duly authorized under State law to purchase and resell such land, that such land will be made available to private enterprise for deveopment in accordance with local zoning and other laws, and that the aggregate of such land and any other land in the same city previously sold under the authority of this paragraph to the city or a local public agency will be developed for predominantly residential use, and (2) the city or local public agency has agreed to pay the fair market value of the land as determined by the Administrator, after giving consideration, among other relevant information, to the cost to the Federal Government of acquiring the fee simple title and of holding the land pending sale (including estimated amounts to cover legal and overhead expenses of such acquisition and to cover interest costs to the Federal Government of moneys invested in the land pending sale). Any such negotiated sale of land to the city or a local public agency shall be made upon terms which require (1) that the city or public agency shall pay in cash at least one-third of the price of the land upon its conveyance and the entire price within 1 year after its conveyance and (2) that any portion of the entire price not paid upon such conveyance shall be represented by an indebtedness which shall bear interest on outstanding balances at a rate of 4 percent per annum and which shall be secured by a first mortgage lien upon the land or such portion of the land as the Administrator deems adequate to protect the financial interest of the Federal Government. The Administrator may, at any time that he deems it to be in the public interest to do so, dispose, under authority of other provisions of this act, of any land acquired by him pursuant to this paragraph. Any land acquired by the Administrator pursuant to this paragraph which has not been disposed of within 5 years after its acquisition shall be disposed of by him as expeditiously as possible in the public interest in accordance with other authority contained in this act.'"

Mr. CAPEHART. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield.

Mr. CAPEHART. Mr. President, we have been over the amendment, and I recommend to the able Senator from Alabama that the amendment be accepted and taken to conference. It involves the disposal of property to the city of Richmond, Calif., and allows them a little more time.

Mr. DOUGLAS. Mr. President, will the Senator from California consent to the reading of his amendment?

The PRESIDING OFFICER. It was ordered to be printed in the RECORD without being read.

Mr. KNOWLAND. Mr. President, if the Senator from Illinois wishes the amendment read, we certainly have no objection to its being read. My junior colleague wishes to make an explanation of the amendment.

Mr. KUCHEL. Mr. President, we offer this amendment in behalf of the city of Richmond, Calif.

In 1940 Richmond, Calif., had a population of 23,000. The south half of the city consisted largely of vacant lots. Titles to most of these lands were clouded with liens for taxes and old street bonds. Ownerships were largely scattered among nonresidents, many of whom were dead or unknown.

By 1944 Richmond's population had mushroomed to over 100,000. Employment in Richmond's federally owned shipyards had reached a peak enrollment of 96,000. Urgent need for immediate housing was obvious. Private developers were unable to solve the problem because of inability to assemble ownerships and marketable titles to the land. Accordingly, the Federal Government stepped in and condemned a leasehold interest in virtually all of these vacant lands. Federally owned temporary war housing providing shelter for more than 72,000 persons was promptly constructed. Richmond became known as the "Federal city" which had been mobilized for the war effort.

By 1946 the shipyards ceased operating, but the housing shortage remained critical because of the demobilization of veterans. The temporary war housing in Richmond has been largely used since by servicemen and by workers in certified defense industries. In January 1954 the Federal Government decided that Richmond's temporary housing was no longer needed for defense purposes and that the land must be returned to its owners, cleared of such housing, not later than June 30, 1956.

This temporary housing occupied the only large area in the city available to rehouse the families to be displaced. There was no other significant land available within the city. The problem was rapidly to assemble titles to these lands so that such displaced families could be privately rehoused at reasonable rentals and sales prices. Assemblage of ownerships and marketable titles by private developers and under State law was still impracticable.

Accordingly, the 83d Congress enacted legislation which I introduced last year to meet the problem of Richmond and cities similary situated. This legislation, section 805 of the Housing Act of 1954, amended Section 605 (a) of the Lanham Act by adding a new paragraph which authorized the Administrator of the Housing and Home Finance Agency to purchase or condemn a fee simple title to such lands as an incident to the orderly removal of the temporary war housing and to provide improved sites for private homes needed to replace the temporary housing.

A plan to develop a "pilot area" was developed and it became apparent that certain minor amendments to the law are required in order to carry out the intent of the 83d Congress.

This amendment would add a new section to the Housing Amendments of 1955 and would have the effect of revising the provisions enacted last year to expedite the disposal of temporary housing in Richmond, Calif.

Experience under last year's legislation shows that the revision is necessary in order to proceed with the maximum

efficiency in carrying out the purpose of last year's enactment. Under the law as it would be revised by this amendment, the Housing Administrator could acquire a fee simple title in the numerous small parcels of land in which he now holds a leasehold interest if, and only if, the Administrator finds that such acquisition will tend to expedite the orderly disposal or removal of World War II temporary housing by facilitating the assembly of improved sites on which private enterprise can provide privately owned housing needed to replace the temporary houses. The city would be required to make a similar finding and to request the acquisition by the Administrator.

The Administrator could, during a 5-year period following his acquisition of land under this provision, sell it at fair market value, to the city or its redevelopment agency. Such sales would require a downpayment of at least one-third of the price, and the balance would be payable in not over 1 year. Interest at 4 percent would be charged for any part of the price not paid at the time of conveyance.

It is contemplated that the city would purchase tracts of land as they find a private developer to whom the city can resell it. Such private developer would agree to build houses in accordance with local zoning laws. No sale would be made to the city or its redevelopment agency unless the aggregate of land sold was to be redeveloped primarily for residential use.

The Administrator could, during the 5-year period after he acquires any land under the provision, sell it either to the city, or, if negotiations for sale to the city do not make reasonable progress with respect to any particular parcel, under the authority of existing law.

Any land not sold by the Administrator 5 years after its acquisition by him, would be required to be disposed of as expeditiously as might be possible in accordance with other authority of existing laws.

The principal new feature of the amendment is that land could be acquired by the Federal Government in large parcels, and, therefore, more efficiently, before a private developer is found for each and every parcel to be acquired. The present law, in effect, requires the city to find a developer for each and every parcel before acquisition, because it must guarantee full payment before acquisition by the Federal Government. However, the 5-year limitation in the amendment provides a safeguard against the Federal Government being required to hold onto the land for a longer period. Thus, the amendment is designed in such a manner that the costs of acquisition to the Federal Government should in all likelihood be recouped upon resale.

I have discussed with both the junior Senator from Alabama and the senior Senator from Indiana the text and the intention of the amendment. The amendment is for a community which has been recognized by Congress as having been dealt with quite harshly by reason of a sudden influx of population during the years of World War II.

Our desire in offering the amendment is that it may be written into the bill, and be subjected to such hearings as may be deemed appropriate in the House of Representatives. On that basis, I very much hope that the Senate may accede to the suggestion which has been made.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. SPARKMAN. The distinguished Senator from California discussed the matter with me yesterday for the first time, I believe, and told me something of the background and history of the matter and of his work in trying to have the situation straightened out.

It seems to me it would be worthwhile to take the amendment to conference, but first let me ask the Senator a question. He may have included the answer in his statement, but I am not certain.

Is my understanding correct that the Senator from California has not yet been able to complete clearance with the officials of the housing agency, but that it is his intention to continue to work on that phase, in the hope that a solution can be arrived at?

Mr. KUCHEL. The Senator from Alabama is completely correct.

Mr. SPARKMAN. In the event such a solution can be reached, but it will require a change in the language, would the Senator from California be willing to have the change made either in the House or in conference, in the event it were possible to reach such an agreement?

Mr. KUCHEL. Yes, indeed.

Mr. SPARKMAN. I do not observe the senior Senator from Indiana [Mr. CAPEHART], the ranking member of the committee, in the Chamber, but he has already said to me privately, and he may have said so publicly before he left, although I am not certain, that he favored the amendment. Therefore, so far as I am concerned, I am perfectly willing to take the amendment to conference.

Mr. JOHNSON of Texas. I yield 15 minutes to the senior Senator from Illinois [Mr. DOUGLAS].

Mr. DOUGLAS. Mr. President, earlier in the afternoon I had the opportunity to speak about the way in which public housing would permit people living in slums to be decently housed, with the result that we certainly should expect a decrease in disease, sickness, death, juvenile delinquency, and crime.

In the concluding minutes of the general debate on the bill, I should like to dwell on a few points which ordinarily are raised, and to give in more detail the grounds for my earlier statements.

First, let me deal with an objection which is commonly made to public housing, and which is false. This common objection is that under the guise of need, families whose incomes are relatively high are being allowed to enter public housing projects, and that, therefore, the community is subsidizing persons who do not need and should not receive subsidies.

We are all aware that in the Federal act rather rigid limitations have been placed on the amount of income which any person or any family may have in order to be eligible for admission to or retention in a Federal housing project. But this does not, apparently, seem to stop the misrepresentation which goes on throughout the country. I have here some figures which should nail that misrepresentation once and for all.

First, a study of all families who were reexamined for eligibility during the first half of last year showed what is termed the median income, namely, the income midway in numbers between the lowest and the highest—that is, equal numbers above and below—of only a little more than $2,100 for a family having 2 children, or a family of 4 persons. To be precise, the median or midpoint income was $2,121.

About 10 percent of the families had annual incomes of less than $1,000, or of less than $20 a week.

Seventeen percent, or one-sixth, of the total had incomes between $1,000 and $1,500.

This meant that about 23 percent had incomes between $1,500 and $2,121.

On the upper limit, 5 percent of the families were found to have incomes in excess of those which were allowed for retention, and those families were expelled from the projects.

I may say that of the families which moved in during the same period, the average income was $2,028, or less than $40 per week. This indicates that the people who are using the projects are those whom we want to have use them and who need them, namely, those having children and having low incomes.

More than two-thirds of these families received no public assistance at all. They derived their income from their own efforts. To be precise, 68 percent of those in the public housing projects were not in receipt of any public assistance.

A little less than 19 percent, or 18.8 percent, to be precise, were in receipt of public assistance.

Thirteen percent were in receipt of what might be termed "social security, old age and survivors, and veterans' benefits."

So it may be seen that the group which gets the benefit from the public housing facilities are those who are hard up, who have children, and who would be compelled to live in very poor quarters if it were not for public housing.

One of the difficulties in making a case for such projects is the fact that the costs are obvious and seen. But the benefits, however real, are largely unseen.

I should like to speak a little about the proper accounting which should be used with respect to the public housing projects. The total contributions of the Federal Government last year amounted to a little less than $44,500,000. They seem to be running at a rate of something less than $200 per family per year. Those are the obvious costs. I may say that those costs are appreciably less than the costs which were originally estimated. They were only about two-thirds of the original estimate.

So these projects are doing even better than it was believed they would do when the bill was passed in 1949.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield for a question.

Mr. LEHMAN. The Senator from Illinois mentioned the amount of the investment which the Federal Government has in low-cost housing. Is it not a fact that instead of its being an investment or a gift or a grant, it is really an advance, because it is fair to assume that in time even the very small amounts which have been advanced by the Federal Government will be returned to it?

Mr. DOUGLAS. We believe that. Of course, what the Federal Government does is to guarantee a return on the bonds which have been sold through private agencies. Then, from the rents there are deducted the operating expenditures, and then the amount of the rents, minus the operating expenditures, is applied to the fixed charges. I may say about half of the fixed charges are met by the receipts of the project in excess of the operating expenses, leaving the other half of the fixed charges to be met by Government subsidy, which, as I have said, amounts to perhaps a little less than $200 a family a year, or two-thirds what it was originally thought the subsidy would amount to.

Mr. LEHMAN. Is it not a fact that in addition to what the pending bill provides, certain States and cities provide low-cost housing, and in those cases the cities and the States are advancing the difference between the operating costs and the rents?

Mr. DOUGLAS. I think that is conspicuously true of New York. I may say the State of New York has made greater progress in this respect than has any other State.

Mr. LEHMAN. Mr. President, will the Senator yield for a further question?

Mr. DOUGLAS. Yes, indeed.

Mr. LEHMAN. I had a great deal to do with the creation of some of these housing projects before I went into public life in 1929, because I was a member of a large investment banking firm which marketed a great many such bonds. Since then, of course, I have been in very close touch with the question, and have been very deeply interested and watchful over the housing situation.

My impression is, and the Senator from Illinois will please correct me if he does not agree with my personal recollection, that I do not know at this time of a single default occurring on any of these housing bonds.

Mr. DOUGLAS. I do not know of any, either.

Mr. President, we have been discussing the open costs of public housing, but the hidden economies have not been brought out. When slums are torn down, costs are done away with which are real but which commonly are not considered. For example, some years ago a study showed that slums in blighted districts of the cities of the country comprised about 20 percent of the area of those cities, and contained about 33 percent of their population. But now listen to what happened to that 33 percent of the population. In that population occurred 45 percent of the major crimes, 55 percent of juvenile delinquency, 50 percent of all arrests, 60 percent of all those who had tuberculosis, and 50 percent of all those who were sick. In addition, 85 percent of all fires took place in those regions, and 45 percent of city service costs were used in those areas. Yet those areas, comprising one-fifth of the areas of the cities, and containing one-third of their population, only brought in 6 percent of the tax revenues.

In other words, these are areas with a low-income producing capacity, but with great expenses charged to the cities, openly, as well as having hidden costs in the way of weakened life, weakened vitality, poorer family life, and so on.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. DOUGLAS. Yes; I am glad to yield.

Mr. LEHMAN. I am very much gratified that the Senator from Illinois has emphasized the relationship between juvenile delinquency and slums, and the effect that decent surroundings and adequate recreational facilities have in preventing juvenile delinquency. I am convinced of that fact as much as I am convinced of anything else. I recall when I was a boy I was taken down to the lower East Side of New York. I was shown homes which were not even holes in the wall. There was one area called Lung Block, in which there were more cases of tuberculosis than existed in 5 or 10 other blocks in the city, or possibly in the country. That was due to the fact that 10, 15, or 20 persons were living together in 1 room, without proper ventilation, and without sanitary facilities. When that slum area was torn down, as it was 20 or 25 years ago, the whole situation changed. There now exists a decent, self-respecting community in that block.

Mr. DOUGLAS. The Senator from New York is quite right. While complete studies have not been made of governmental housing projects which are now in existence, studies made some years ago showed that the prevalence of juvenile delinquency was much less in public housing projects than it had been among the same families or in the same areas before public housing was available; disease was much less prevalent, crime was much less, there were far fewer fires, not so many policemen were needed, and not so much money was distributed in relief.

It is well known that if cattle are given decent living quarters, added beef production results. If horses are treated decently, more work can be obtained from them.

I do not want to rest the case for public housing purely on such gross and material terms, because human life, after all, should be the culmination of all values; but if one wants to argue in purely materialistic terms, it can be said that public housing will more than pay for the subsidy, in terms of reduced crime rates, reduced need for policemen, fewer fires, lesser hospital costs, and smaller doctors' bills.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield to the Senator from Louisiana.

Mr. ELLENDER. May we also add——

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. How much time is remaining on the Kuchel amendment?

The PRESIDING OFFICER (Mr. BIBLE in the chair). The Senator from California has 48 minutes remaining. The Senator from Texas has 45 minutes remaining.

Mr. JOHNSON of Texas. Mr. President, does the Senator from Illinois desire to have additional time at this point? If so, I yield 2 more minutes to him.

Mr. DOUGLAS. I thank the Senator from Texas.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 2 more minutes.

Mr. ELLENDER. Mr. President——

Mr. DOUGLAS. I yield to the Senator from Louisiana.

Mr. ELLENDER. Let me say I recall that some studies were made to demonstrate that a contented worker, namely, one living in a clean, decent home, rather than in a slum area, will more than make up to his employer the cost to the employer of paying taxes in order to maintain the subsidy.

Mr. DOUGLAS. Mr. President, I think the Senator from Louisiana is entirely correct.

Merely from the point of view of dollars and cents, if we take into consideration the hidden values coming from decent housing, we find that they more than pay for the cost of that housing.

Mr. President, we should be the means of enabling men, women, and particularly children, to lead happier, fuller, and more expanded lives. That is the test. Meeting that test is helped by a public-housing program.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. JOHNSON of Texas. Mr. President, I have conferred with the Senator from California; and I am willing to yield back the remainder of the time under my control, if he will do likewise. In that way we can vote now on the Kuchel amendment.

Mr. KUCHEL. I thank the Senator from Texas.

Mr. JOHNSON of Texas. Mr. President, does the chairman of the subcommittee desire to have a quorum call at this time?

Mr. SPARKMAN. No.

Mr. KUCHEL. Mr. President, I yield back the remainder of the time available to me.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of the time available to me.

The PRESIDING OFFICER. All remaining time has been yielded back by both sides.

The question is on agreeing to the amendment offered by the Senator from California [Mr. KUCHEL] for himself and his colleague [Mr. KNOWLAND].

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BUSH].

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. How much time remains on the question of agreeing to the Bush amendment.

The PRESIDING OFFICER. The Senator from Connecticut [Mr. BUSH] has 51 minutes remaining; and the Senator from Texas [Mr. JOHNSON], who is in control of the time in opposition to the amendment, has 15 minutes remaining under his control.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Connecticut take time now to explain his amendment? If so, we can then vote it.

Mr. BUSH. Mr. President, I thank the Senator from Texas for the suggestion.

The amendment simply authorizes the Housing and Home Finance Administrator to sell to the local housing authority in the town of Glastonbury the 199-unit housing development there, known as Lanham Act housing or moderate-rental housing, subject to the approval of the legislative body of the town of Glastonbury, and to do so within a period of 12 months from the date of enactment of this act. Briefly stated, that is the purpose of the amendment. It is almost exactly similar to an amendment, adopted last year to the housing bill, in regard to a similar situation existing in the town of Wethersfield, Conn.

I think there is nothing further I need say about the amendment. It has been recognized as acceptable by the chairman of the subcommittee, the junior Senator from Alabama [Mr. SPARKMAN] and, on our side by the Senator from Indiana [Mr. CAPEHART].

Mr. JOHNSON of Texas. If the Senator from Connecticut has explained the amendment, we can vote on it now.

Mr. BUSH. Mr. President, I am glad to cooperate in that respect.

Mr. FULBRIGHT. Mr. President, will the Senator from Connecticut yield for a question?

Mr. BUSH. I yield.

Mr. FULBRIGHT. Does the Senator from Connecticut know what the price of the houses will be?

Mr. BUSH. No. It will be the fair market value, but that must be determined by negotiation.

Mr. FULBRIGHT. Does not the law require that the sale price, and so forth, be reported to the committee or to the Senate?

Mr. BUSH. I think not.

Mr. JOHNSON of Texas. Mr. President, I will yield back the remainder of the time under my control, if the Senator from Connecticut will yield back the remainder of the time under his control.

Mr. BUSH. Mr. President, I yield back the remainder of the time available to me.

Mr. JOHNSON of Texas. Mr. President, I do likewise.

The PRESIDING OFFICER. All remaining time has been yielded back.

The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BUSH].

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

Mr. STENNIS. Mr. President——

Mr. JOHNSON of Texas. Mr. President, let me say to the Senator from Mississippi that the Senator from Indiana is not now on the floor. I understand that the Senator from Mississippi has an amendment to submit, but I should like to have the Senator from Indiana in the Chamber before that amendment is submitted.

If it is agreeable, I shall suggest the absence of a quorum, provided it is agreed that the time required for it will not be charged to either side.

Mr. STENNIS. Very well, Mr. President.

Mr. JOHNSON of Texas. Then, Mr. President, I ask unanimous consent that a quorum call may be had at this time, with the understanding that the time required for it will not be charged to the time available to either side.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. JOHNSON of Texas. Then, Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, the Senator from Mississippi [Mr. STENNIS] has an amendment to submit. I ask unanimous consent that the amendment of the Senator from Indiana [Mr. CAPEHART] may be temporarily laid aside, so that the Senator from Mississippi may submit his amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Mississippi will be stated.

The CHIEF CLERK. On page 55, in lines 13 and 14, it is proposed to strike out "except as may hereafter be enacted in express amendment hereof."

Mr. STENNIS. Mr. President, this amendment is merely a technical one. It is offered because the language it proposes to strike out, as I see it, really has no legal meaning. I refer first to the words "except as may hereafter be enacted."

Of course, it is always implied that any law will continue to be the law until changed by a subsequent law to the contrary.

My amendment also would strike out the words "in express amendment hereof"—which is an awkward way of preventing Congress from amending this act unless it is specifically stated that the amendment is "in express amendment hereof."

Mr. CAPEHART. Mr. President, let me suggest to the Senator in charge of the bill that this amendment be accepted.

Mr. STENNIS. I thank the Senator from Indiana.

Mr. SPARKMAN. Mr. President, I am perfectly willing to accept the amendment. I agree with the Senator from Mississippi that the language he proposes to strike out is meaningless, legally.

Mr. JOHNSON of Texas. Mr. President, I yield back the remainder of the time available to me.

Mr. STENNIS. Mr. President, I yield back the remainder of the time available to me on the amendment.

The PRESIDING OFFICER. All remaining time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Mississippi [Mr. STENNIS].

The amendment was agreed to.

Mr. BUSH. Mr. President——

Mr. JOHNSON of Texas. I yield 1 minute to the Senator from Connecticut.

Mr. BUSH. Mr. President, during the hearings on Senate bill 972, a certain situation developed in one or more States respecting the conversion of Federal savings and loan associations into stock companies. I intended to offer an amendment to the bill to strike out the provisions divorcing the Federal savings and loan operations, or the Home Loan Bank Board, from the HHFA. I do not intend to offer the amendment at this time, but I wish to say that the situation, which has disturbed me and other members of the Banking and Currency Committee, is worthy of further study by that committee, and promptly.

To that end, I ask unanimous consent that a letter from Albert M. Cole, Administrator of the Housing and Home Finance Agency, to the Senator from Alabama [Mr. SPARKMAN], together with an endorsement by Walter W. McAllister, Chairman of the Home Loan Bank Board, be printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter and endorsement were ordered to be printed in the RECORD, as follows:

HOUSING AND HOME FINANCE AGENCY,
Washington, D. C., June 7, 1955.

Hon. JOHN J. SPARKMAN,
Chairman, Subcommittee on Housing, Banking and Currency Committee, United States Senate, Washington, D. C.

DEAR JOHN: For the last several months, I have been increasingly interested in and disturbed about certain questions surrounding the conversion of mutual savings and loan associations, both Federal and State chartered, into permanent stock companies. I judge from recent events that these questions are now attracting similar attention in Congress and from the public; I am sure that they are matters of interest to your committee. Accordingly, I believe it is timely to indicate the basis for my concern and to suggest certain lines of future action.

In brief, under the present statutes (dating from about 1948) the following actions may occur:

1. A Federal association may convert to a State-chartered mutual association without the approval of the Home Loan Bank Board by following the stipulations of the first paragraph of section 5 (i) of the Home Owners' Loan Act of 1933. There is nothing in

the law or regulations which imposes controls upon the association if, thereafter, it elects to reorganize under State law as a stock company.

2. A federally-chartered association may convert directly into a State-chartered stock company under the second paragraph of section 5 (i) if the plan of conversion is upon an equitable basis and approved by the Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation.

Let me make it clear that I do not contend there is anything basically wrong with permanent stock companies as such; I am concerned over certain features involved in the movement of mutual companies into the stock-ownership field. The history of permanent stock companies in several States where this form of operation has been typical for thrift and home-financing institutions is exemplary. As a group in those States they are strong financially, enjoy progressive management, and have played a significant role in the encouragement of thrift and in the provision of home-mortgage financing in their communities.

The nub of the problem is that in any such conversion there is a transfer of ownership from the body of mutual shareholders to a group—normally, from a practical standpoint, a much smaller group—of permanent stockholders. Where, as is commonly the case, the converting institution possesses substantial earned surplus, reserves and undivided profits, a question necessarily arises as to whether the methods, terms, and conditions of conversion adequately protect—both immediately and over the longer term—the rights of the mutual shareholders after conversion is consummated.

I am firmly convinced that the Federal regulatory and insuring agencies involved are under a duty to assure that these rights are adequately protected and preserved. The nature of their obligation was well stated by the United States Supreme Court in the first case involving a Federal savings and loan association to come before the Court. In its opinion, the Supreme Court declared:

"In the creation of corporations of this quasi-public order and in keeping them thereafter within the limits of their charters, the State is parens patriae, acting in a spirit of benevolence for the welfare of its citizens. Shareholders and creditors have assumed a relation to the business in the belief that the assets will be protected by all the power of the Government against use for other ends than those stated in the charter. Aside from the direct interest of the State in the preservation of agencies established for the common good, there is thus the duty of the parens patriae to keep faith with those who have put their trust in the parental power."[1]

I believe that as Administrator I have a responsibility to see that the trust obligation so described by the Court is met, and I must report to your committee that I am not satisfied that it can be fully met under the present statutes and the regulations stemming from the statutes.

One of the most difficult problems for the Home Loan Bank Board has been to determine the nature of an equitable plan for conversion. I find that many detailed and relatively complicated requirements have been imposed by the Board—generally on a State-by-State basis to accommodate the variations in State statutes under which the conversions take place.

The administrative requirements and procedures of the Board are well summarized in a letter from Mr. Walter W. McAllister, Chairman of the Board, to the Honorable J. ALLEN FREAR, Jr., acting chairman, Subcommittee on Banking, Senate Committee on Banking and Currency, dated June 3, 1955. I understand that this letter will appear in the record of hearings on S. 972 and I will not repeat the detail here. As the Chairman stated in the hearings, the Board is of the opinion that all of the legal requirements of the statutes have been met and that the Board has gone perhaps further than expressly required by the statutes to control conversions and to protect the interests of the shareholders.

While many of the Board's requirements seem necessary and desirable, and while it may be that some go further than the law expressly requires, I am not satisfied that we can rely on these requirements alone to protect the rights of the mutual shareholders. In my opinion, neither the statute nor the implementing policies and practices of the Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation thereunder are assuredly adequate to cope with all conversion problems.

The Federal charter for savings and loan associations provides:

"All holders of savings accounts of the association shall be entitled to equal distribution of assets, pro rata to the value of their savings accounts, in the event of voluntary or involuntary liquidation, dissolution, or winding up of the association."

and this same principle has been enunciated by the Congress. Section 5 (i) of the Home Owners' Loan Act of 1933 provides that a Federal association may convert to a State-chartered association upon the condition, among others, that—

"In the event of dissolution after conversion, the members or shareholders of the association will share on a mutual basis in the assets of the association in exact proportion to their relative share or account credits."

If these are the basic conditions upon which the individual investors entered into their mutual association under the encouragement and protection of the Government, a question is necessarily raised as to whether the act of conversion from mutual to stock ownership does not in fact constitute a voluntary dissolution of the mutual association such as to require a distribution of equitable rights to the mutual shareholders. I am not here as much concerned with a legal definition of dissolution, as with the effective ending of the mutual trust relationship between the elected management of the institution and the body of mutual shareholders.

I have not yet reached final judgments on what steps can best be taken to protect the interests of the mutual shareholders and the public interest, but I have in mind several propositions for the consideration of your committee. These are:

1. The Congress should provide for conditions applicable to conversions from mutual to stock ownership which would assure that reserves and surplus arising out of the earnings of the institution prior to the date of conversion inure in perpetuity to the benefit of the mutual shareholders, and cannot subsequently be alienated from them to the benefit of those who may be in a favorable position to acquire ownership and control of the permanent stock. These conditions should be attached to the continued availability of Federal insurance of accounts in the case of State-chartered institutions.

I understand that it is the view of some that the imposition of such a condition would effectively halt conversions. But it is my view that to permit any other disposition of prior-accrued funds would constitute a violation of the underlying trust relationship. If it is true that such a condition would stop the trend towards conversions, it raises an obvious question as to whether there is not a potential conflict of interests between the mutual shareholders and the subsequent stockholders which requires the most careful supervision on the part of the Federal chartering and insuring authorities.

2. If the Congress is not disposed at this session to formulate and put into the statute a provision along the general lines of No. 1 above and if it is the judgment of the committee that the present language of the second paragraph of section 5 (i) of the Home Owners' Loan Act of 1933 does not express fully the intent of the Congress as to the manner in which single-stage conversions should be approved, the committee may wish to consider the repeal of that provision. As an alternative, the committee may wish to define for the guidance of the Home Loan Bank Board and the Federal Savings and Loan Insurance Corporation the precise nature of the "equitable basis" that shall obtain before the Board and the Insurance Corporation shall approve such conversions.

3. It is my feeling that the Congress will want to give careful consideration to strengthening the supervisory authority of the Federal Savings and Loan Insurance Corporation, with particular reference to the fact that the authority of the Corporation to terminate insurance of accounts is presently stated on a rather narrow basis.

In the two-stage conversion process, a Federal association may convert to a State-chartered mutual without the approval of the Board or the Corporation and then under State law and regulations convert from mutual to stock organization. During the second stage of the process, the Insurance Corporation has the express authority only to pass upon the forms of securities and upon the bylaw provisions relating to securities.

It does not have express statutory powers to terminate insurance of accounts unless a finding is reached after a hearing that the association has violated its duty as such or has continued unsafe or unsound practices in conducting the business of the institution, or has knowingly or negligently permitted any of its officers or agents to violate any provision of law or regulation to which the insured institution is subject.

There may be violations of public policy, or of the intent and purpose of the Government-supported insurance system that would not come within the present authority. The basic problem inherent in conversions is one specific example; there may be others.

4. I suggest that the committee may wish to give consideration to legislation which would establish a system of federally chartered permanent stock companies in the thrift and home financing area to parallel the State system of such permanent stock companies. I make this suggestion because of my belief that it is just as desirable to preserve the dual banking system in the savings and loan field as it is in the commercial banking field. If the trend toward conversion of Federal mutuals continues, it is possible that over a period of years the system of Federal savings and loan associations established by the Congress in 1933 will disappear.

I believe that the Congress should act at this present session to deal with the problems discussed above. I shall be happy to furnish assistance to the committee on any legislative proposals in this regard which it may consider desirable. Meantime, it is my judgment that the Board should continue its policy of withholding approvals from all applications for conversion from the mutual to the stock form of organization.

I should not like the committee to get a wrong impression as to the quantitative size of this problem up to the present time. According to data furnished me by the Board, only 29 mutual savings and loan associations have converted to stock companies in the last 10 years—a very small number in so large an industry. However, it must be noted that half a dozen States or more have adopted legislation looking toward such conversions since the end of World War II; a number of other States are considering such legislation, and there is substantial support for it. The indications are, therefore, that this form of conversion is a relatively recent development

[1] *Hopkins Savings Association* v. *Cleary* (296 U. S. 315).

which, by the observable signs, may develop into a trend of very significant dimensions. It is for this reason that I think it urgent to take all appropriate steps at this relatively early stage, not to halt the process, but to assure that it is subject to appropriate supervision and occurs with the full protection of the rights and interests of all concerned.

I am advised by the Bureau of the Budget that there is no objection to the submission of this letter.

Sincerely yours,

ALBERT M. COLE,
Administrator, Housing and Home Finance Agency.

I am glad to join Mr. Cole in presenting this matter for the consideration of your committee.

WALTER W. MCALLISTER,
Chairman, Home Loan Bank Board.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART].

Mr. JOHNSON of Texas. Mr. President, if the Senator from Indiana is willing to yield back the remainder of his time on his amendment, I shall be glad to yield back the remainder of my time, in order that there may be a quorum call.

Mr. CAPEHART. Mr. President, I yield back the remainder of my time.

Mr. JOHNSON of Texas. I yield back the remainder of my time, and suggest the absence of a quorum.

The PRESIDING OFFICER. All time has been used or yielded back.

The absence of a quorum has been suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Fulbright	McNamara
Allott	George	Millikin
Anderson	Goldwater	Monroney
Barkley	Gore	Morse
Barrett	Hayden	Mundt
Beall	Hennings	Neely
Bender	Hickenlooper	Neuberger
Bennett	Hill	O'Mahoney
Bible	Holland	Payne
Bricker	Hruska	Purtell
Bridges	Humphrey	Robertson
Bush	Ives	Russell
Butler	Jackson	Saltonstall
Byrd	Jenner	Schoeppel
Capehart	Johnson, Tex.	Scott
Carlson	Johnston, S. C.	Smathers
Case, N. J.	Kefauver	Smith, Maine
Case, S. Dak.	Kennedy	Smith, N. J.
Cotton	Kerr	Sparkman
Curtis	Kilgore	Stennis
Daniel	Knowland	Symington
Douglas	Kuchel	Thurmond
Duff	Langer	Thye
Dworshak	Lehman	Watkins
Eastland	Magnuson	Welker
Ellender	Malone	Wiley
Ervin	Mansfield	Williams
Flanders	Martin, Pa.	
Frear	McCarthy	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Indiana [Mr. CAPEHART]. All time has been used or yielded back.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MALONE (when his name was called). On this vote I have a pair with the junior Senator from Louisiana [Mr. LONG]. If he were present and voting he would vote "nay." If I were permitted to vote I would vote "yea." I withhold my vote.

Mr. SMATHERS (when his name was called). On this vote I have a pair with the junior Senator from Rhode Island [Mr. PASTORE]. If he were present and voting he would note "nay." If I were permitted to vote I would vote "yea." I therefore withhold my vote.

Mr. WILEY (when his name was called). On this vote I have a pair with the Senator from New Mexico [Mr. CHAVEZ]. If he were present and voting he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. GREEN], the Senator from Louisiana [Mr. LONG], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate until June 21, 1955, on behalf of the Senate Appropriations Committee to conduct an on-the-spot study of specific matters relating to our foreign-aid program.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization Meeting in Geneva, Switzerland.

I further announce that the senior Senator from Kentucky [Mr. CLEMENTS] has a general pair with the junior Senator from Illinois [Mr. DIRKSEN].

The senior Senator from Montana [Mr. MURRAY] has a general pair with the senior Senator from Michigan [Mr. POTTER].

The senior Senator from Rhode Island [Mr. GREEN] has a pair with the junior Senator from North Dakota [Mr. YOUNG]. If present and voting, the Senator from Rhode Island would vote "nay," and the Senator from North Dakota would vote "yea."

I also announce that if present and voting, the Senator from Kentucky [Mr. CLEMENTS] would vote "nay."

Mr. SALTONSTALL. I announce that the Senator from Illinois [Mr. DIRKSEN] is absent on official business for the Committee on Appropriations.

The Senator from Iowa [Mr. MARTIN] is necessarily absent.

The Senator from Michigan [Mr. POTTER] is absent by leave of the Senate to attend the International Labor Organization Meeting in Geneva, Switzerland.

The Senator from North Dakota [Mr. YOUNG] is absent on official business.

The Senator from Illinois [Mr. DIRKSEN] has a general pair with the Senator from Kentucky [Mr. CLEMENTS].

The Senator from Michigan [Mr. POTTER] has a general pair with the Senator from Montana [Mr. MURRAY].

On this vote, the Senator from North Dakota [Mr. YOUNG] is paired with the Senator from Rhode Island [Mr. GREEN]. If present and voting, the Senator from North Dakota would vote "yea," and the Senator from Rhode Island would vote "nay."

The result was announced—yeas 38, nays 44, as follows:

YEAS—38

Allott	Curtis	Mundt
Barrett	Dworshak	Payne
Beall	Eastland	Robertson
Bender	Goldwater	Russell
Bennett	Hickenlooper	Saltonstall
Bricker	Holland	Schoeppel
Bridges	Hruska	Smith, N. J.
Butler	Jenner	Thurmond
Byrd	Knowland	Thye
Capehart	Kuchel	Watkins
Carlson	Martin, Pa.	Welker
Case, S. Dak.	McCarthy	Williams
Cotton	Millikin	

NAYS—44

Aiken	Gore	Magnuson
Anderson	Hayden	Mansfield
Barkley	Hennings	McNamara
Bible	Hill	Monroney
Bush	Humphrey	Morse
Case, N. J.	Ives	Neely
Daniel	Jackson	Neuberger
Douglas	Johnson, Tex.	O'Mahoney
Duff	Johnston, S. C.	Purtell
Ellender	Kefauver	Scott
Ervin	Kennedy	Smith, Maine
Flanders	Kerr	Sparkman
Frear	Kilgore	Stennis
Fulbright	Langer	Symington
George	Lehman	

NOT VOTING—14

Chavez	Malone	Potter
Clements	Martin, Iowa	Smathers
Dirksen	McClellan	Wiley
Green	Murray	Young
Long	Pastore	

So Mr. CAPEHART's amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. SPARKMAN. Mr. President, I offer an amendment and ask that it be stated.

The PRESIDING OFFICER. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 68, line 2, after "Sec. 601", it is proposed to insert "(a)", and at the end of the bill to insert the following:

(b) The first paragraph of section 24, chapter 6, of the Federal Reserve Act, as amended (12 U. S. C. 1952 edition, 371) is hereby amended by inserting after the phrase "or the act of August 28, 1937, as amended" the following, "or title V of the Housing Act of 1949, as amended."

Mr. SPARKMAN. Mr. President, I have not had an opportunity to discuss this amendment with the Senator from Indiana [Mr. CAPEHART]. It relates to insured loans on farm housing. It simply makes such insured loans purchasable by national banks, just as insured Bankhead loans and insured FHA loans are so purchasable.

Mr. CAPEHART. Mr. President, I have no objection to the amendment. We can take it to conference, and if it is found that it affects the bill adversely in any way, we can handle it at that time.

Mr. SALTONSTALL. Mr. President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I yield.

Mr. SALTONSTALL. Is it the understanding of the Senator that with reference to the so-called Wherry housing in the military provisions of the bill the same conditions will apply as apply to all other real estate, and that if real estate is taken over or sold by the Department of Defense, the question will be submitted, first, to the Armed Services Committee of the House and the Senate

for their consideration? If that is not the Senator's understanding, I hope he will bear that in mind in the conference. It was brought to my attention only recently before I had time to assemble the facts myself.

Mr. SPARKMAN. I do not recall that subject having arisen in the consideration of the bill. I do not believe there is any language in the bill which would establish a priority such as that which the Senator mentions.

Mr. SALTONSTALL. The Senator from Mississippi is the chairman of the subcommittee which handles real estate questions. All proposals for the lease of real estate are referred to the Armed Services Committee for its approval.

Mr. SPARKMAN. There is certainly nothing in this amendment which would prevent that practice being followed.

Mr. SALTONSTALL. Will the Senator bear that in mind?

Mr. SPARKMAN. I shall bear it in mind, and I shall be glad to consult with the Senator from Mississippi.

Mr. SALTONSTALL. The Senator from Mississippi is an authority on the subject.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. SPARKMAN].

The amendment was agreed to.

Mr. JOHNSON of Texas. Mr. President, may we at this time have the yeas and nays ordered on the final passage of the bill?

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I send to the desk another amendment and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Alabama.

The CHIEF CLERK. On page 7, after line 3, it is proposed to insert the following new section:

(1) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section, the Commissioner, notwithstanding the provisions of any other law, shall appoint a Special Assistant for Cooperative Housing, and provide the Special Assistant with adequate staff, whose sole responsibility will be to expedite operations under this section and to eliminate obstacles to the full utilization of this section under the direction and supervision of the Commissioner. The person so appointed shall be fully sympathetic with the purposes of this section.

Mr. SPARKMAN. Mr. President, I have discussed this amendment with the able Senator from Indiana [Mr. CAPEHART]. Section 213 is the section which provides for FHA insured loans on cooperative housing. We believe that is the only way the low-income and middle-income groups will be able to obtain housing. The amendment would provide for a special assistant to the commissioner who would devote his time and attention to this particular type of housing.

Mr. CAPEHART. Mr. President, I recommend that the amendment be taken to conference.

The PRESIDING OFFICER. Does the Senator from Alabama yield back the remainder of his time?

Mr. SPARKMAN. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Alabama [Mr. SPARKMAN].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

Mr. JOHNSON of Texas. Mr. President, if there are no requests for time, I yield back my time, if the minority leader will yield back his time.

Mr. KNOWLAND. If there are no requests for further time, I yield back my time.

The PRESIDING OFFICER. All time on the bill is yielded back. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. JOHNSON of Texas. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Rhode Island [Mr. GREEN], the Senator from Louisiana [Mr. LONG], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from Kentucky [Mr. CLEMENTS] is absent by leave of the Senate until June 21, 1955, on behalf of the Senate Appropriations Committee to conduct an on-the-spot study of specific matters relating to our foreign-aid program.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate to attend the International Labor Organization Meeting in Geneva, Switzerland.

I further announce that the senior Senator from Kentucky [Mr. CLEMENTS] has a general pair with the junior Senator from Illinois [Mr. DIRKSEN].

The senior Senator from Montana [Mr. MURRAY] has a general pair with the senior Senator from Michigan [Mr. POTTER].

I also announce that if present and voting the Senator from New Mexico [Mr. CHAVEZ], the Senator from Kentucky [Mr. CLEMENTS], the Senator from Rhode Island [Mr. GREEN], the Senator from Louisiana [Mr. LONG], the Senator from Montana [Mr. MURRAY] and the Senator from Rhode Island [Mr. PASTORE] would each vote "yea."

Mr. SALTONSTALL. I announce that the Senator from Illinois [Mr. DIRKSEN] is absent on official business for the Committee on Appropriations.

The Senator from Iowa [Mr. MARTIN] is necessarily absent.

The Senator from Michigan [Mr. POTTER] is absent by leave of the Senate to attend the International Labor Organization Meeting in Geneva, Switzerland.

The Senator from North Dakota [Mr. YOUNG] is absent on official business.

The Senator from Illinois [Mr. DIRKSEN] has a general pair with the Senator from Kentucky [Mr. CLEMENTS].

The Senator from Michigan [Mr. POTTER] has a general pair with the Senator from Montana [Mr. MURRAY].

If present and voting, the Senator from North Dakota [Mr. YOUNG] would vote "yea."

The result was announced—yeas 60, nays 25, as follows:

YEAS—60

Aiken	Fulbright	Malone
Allott	George	Mansfield
Anderson	Gore	McCarthy
Barkley	Hayden	McNamara
Beall	Hennings	Millikin
Bender	Hill	Monroney
Bennett	Humphrey	Morse
Bible	Ives	Neely
Bridges	Jackson	Neuberger
Bush	Johnson, Tex.	O'Mahoney
Butler	Johnston, S. C.	Payne
Capehart	Kefauver	Purtell
Case, N. J.	Kennedy	Saltonstall
Cotton	Kerr	Scott
Douglas	Kilgore	Smith, Maine
Duff	Knowland	Smith, N. J.
Ellender	Kuchel	Sparkman
Ervin	Langer	Symington
Flanders	Lehman	Thye
Frear	Magnuson	Wiley

NAYS—25

Barrett	Goldwater	Schoeppel
Bricker	Hickenlooper	Smathers
Byrd	Holland	Stennis
Carlson	Hruska	Thurmond
Case, S. Dak.	Jenner	Watkins
Curtis	Martin, Pa.	Welker
Daniel	Mundt	Williams
Dworshak	Robertson	
Eastland	Russell	

NOT VOTING—11

Chavez	Long	Pastore
Clements	Martin, Iowa	Potter
Dirksen	McClellan	Young
Green	Murray	

So the bill (S. 2126) was passed.

Mr. BYRD. Mr. President, I ask unanimous consent that I may have printed in the RECORD immediately following the vote on the housing bill, S. 2126, a statement giving my reasons for opposing the bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BYRD

SUMMARY

The pending housing bill (S. 2126) embraces more than 100 amendments and additions to Federal housing programs.

It deals with the scandalized home repair program and sweetens it up by increasing loans.

It liberalizes the cooperative housing programs which were victimized by profiteers in the past.

It increases by nearly 20 percent the authorizations to insure loans under the general FHA programs at public risk.

It liberalizes and increases expenditures for slum clearance programs.

For the first time it provides Federal insurance of loans to buy land without any house construction contemplated—for trailer parks, and improvements which may or may not include swimming pools, barbecue pits, etc.

It extends the life of title IX emergency defense housing programs, which admittedly are beyond their usefulness.

It legalizes the use of slum clearance areas for industrial purposes and subsidizes this feature.

It increases authorization for construction of federally subsidized public housing by 400 percent.

It makes permanent with a $48 million revolving fund the community facilities program.

It creates a $100 million revolving fund for public facility loans.

It liberalizes the college housing program and it extends its loans for use in the construction of dining halls, student unions, inpatient and out-patient facilities, etc.

It creates a $1,350 million monstrosity to succeed the Wherry housing program for military installations. I doubt that it is capable of proper administration, and some military and FHA officials have the same doubt.

It establishes a brandnew program for smoke elimination and air pollution prevention involving grants, loans, and contracts, virtually without expenditure limitation so far as this bill is concerned.

It extends the farm housing program under the Department of Agriculture and adds to it a loan insurance program which duplicates and overlaps the farm housing loan insurance program already in existence under FHA.

In the new Wherry program and elsewhere in the bill there is a return to the 100-percent replacement cost procedure under which Federal housing scandals flourished with builders mortgaging out and pocketing the proceeds of loans far in excess of the project costs.

In the new Wherry program and elsewhere the safeguard of cost certification adopted last year is repealed.

Not only does the bill destroy such safeguards as have been put into housing legislation in these programs, but it sweetens them up with more money to make them more attractive to dynamiters, suede-shoe boys, profiteers, and all the rest of the unscrupulous exploiters of housing programs.

Under this bill more than $6 billion of new money or authority to use public credit is pumped into Federal housing programs.

General FHA programs are given an additional $4 billion authorization to insure loans at public risk.

Under the new Wherry program there is another additional authorization, at public risk, to insure builders' loans to a total of $1,350 million.

There is new authority to spend out of the public debt $100 million for public-facility loans and $200 million for college housing.

Appropriations for additional money are authorized for slum clearance to a total of $537 million, to community facilities for a total of $30 million, and to direct farm housing loans $100 million.

In addition to these there is authorization for new appropriations for the smoke elimination and air pollution prevention program to an unlimited amount.

Also, in addition, there would be greater appropriations for the subsidy of local public housing which the bill proposes to increase, in terms of authorization, by 400 percent. Federal costs for public housing are permanent.

TITLE I—HOME REPAIR LOANS

Sections 101 (a) and (b) (p. 2 of the bill) extends the title I property improvement program for 5 years to 1960, and increases the maximum loan to individuals from $2,500 to $3,000.

This is the program so terribly exploited by "dynamiters" and "suede-shoe" boys, and described by Assistant Attorney General Warren Olney as a program under which organized groups and swindlers, thieves and crooked salesmen cheated and defrauded literally thousands of small-home owners, and which "has been almost ruinous to legitimate dealers."

Testifying on this bill, May 10, 1955 (p. 63 of the hearings) Norman P. Mason, FHA Administrator, said, "There will continue to be irregularities or abuses in any program of this kind as long as the program exists."

This is the program this bill would continue for 5 years and sweeten up with a 20-percent increase in the maximum loan.

Under the program, FHA at public risk insures up to $1,750,000,000 in repair and improvement loans outstanding at any one time.

The individual loans are not insured. The lending institutions are merely insured, virtually 100 percent, against any loss resulting from default.

There have been nearly 18½ million loans under this program for $8.6 billion. There is more than $1¼ billion in loans outstanding and approximately one-half billion in unused authorization.

There were nearly a half million claims on defaulted notes according to the latest report given to me by Mr. Albert M. Cole, the Housing and Home Finance Administrator.

I am advised by the Justice Department that indictments for criminal illegalities in this program now run into the hundreds, with more than 100 convictions and pleas of guilty to date growing out of scandals involving home-repair loans.

FHA FARM HOUSING

Section 102 (a) (p. 2 of the bill) would eliminate the $100 million authorization for insurance of farm housing loans under FHA, which already overlap insured and direct loans provided for under the Farmers Home Administration in the Department of Agriculture.

The Housing Act of 1954 limited the loans which would be guaranteed for farm housing to $100 million. This provision in this bill would repeal the limitation—leaving the amount which could be insured without limit.

The reason given in the hearings is "reducing the record keeping with respect to the farm housing program and the necessity for recurring estimates of amounts of outstanding balances on these farm housing mortgages."

It's just too much trouble to stay within the limitation.

TRAILER PARKS—INSURING LOANS FOR LAND

Section 102 (c) (p. 3 of the bill) would authorize FHA to insure loans for purchase of land for trailer parks.

Under this amendment, FHA could insure loans up to $300,000 per park at the rate of $1,000 per trailer space within the park.

The money could be used to purchase the land, finance utilities and "other improvements"—perhaps including more swimming pools and barbecue pits.

This is the first time in the history of these housing programs that it has been seriously suggested that the Federal Government would insure loans for purchase of land alone without housing construction.

The program does not provide for the insurance of loans to individuals to buy the trailers.

There have been trailer programs in the past, but they were mostly in Lanham Act defense emergency provisions under which the Government bought trailers with appropriated money for use in remote areas for temporary housing.

It is not clear, but apparently loans for trailer park land purchases, installation of utilities and "other improvements" would be made under provisions of section 207 of the Housing Act of 1954, where the loans are based on the estimated value of the property or project when the improvements are completed, including physical improvements, utilities, architects' fees, taxes, and interest during construction, and other miscellaneous charges incident to construction.

CO-OP HOUSING—REPLACEMENT VALUE

Section 102 (c), (5) (p. 3 of the bill); sections 102 (e) and 102 (f) (p. 6 of the bill); section 102 (k) (p. 7 of the bill); and section 103 (c) (p. 8 of the bill) all deal with FHA cooperative projects.

The committee report says it is "the committee's intention that FHA take affirmative action to make this program operative and effective, to expedite it, and to eliminate administrative obstacles."

The committee found that one of the obstacles to the program was basing the insured mortgages on estimated value instead of replacement value.

Section 102 (e) (p. 6 of the bill) returns the program to estimated replacement cost, estimated by the Commissioner.

Section 103 (e) (p. 8 of the bill) authorizes the Federal National Mortgage Association (Fanny Mae) to make advance commitments for the purchase of co-op housing mortgages totaling up to $50 million with up to $5 million in any one State.

Section 102 (k) (p. 7 of the bill) would permit insurance of co-op mortgages to purchase Government-owned property acquired by default under the co-op program or any other Federal housing program.

Section 102 (c) (5) (p. 3 of the bill) and section 102 (e) (p. 6 of the bill) would reduce the minimum size of co-op projects from 12 to 8 units.

This is the program in which the Senate Banking and Currency Committee found some of the worst abuses and most scandalous operations. Some of what the committee found in the way of land deals, misrepresentation, profiteering, windfalls, etc., in the co-op program are set forth on page 223 of the hearings.

And this is only a sample. Some of these co-op projects are still in litigation.

Through March 31, 1955, FHA had insured 11,835 loans under this program for $400 million and more, of which more than $300 million was still outstanding.

INCREASING MULTIUNIT LOAN MAXIMUM 150 PERCENT

Section 102 (d) (pp. 3 and 4 of the bill) would increase the maximum loan which FHA would insure for a multiunit project from $5 million to $12.5 million—an increase of 150 percent.

This would be the program under which 608-type multiunit apartment-house mortgages would be insured.

Effort is made in the hearings to justify this increase on a basis of increased costs.

It might be contended more accurately that it would legalize such operations as those found in the Woodner Hotel, where they put a partition through the middle to get $10 million instead of $5 million, and the Arlington Towers project.

Under this provision the same builder could have more than one of these $12.5 million projects going at the same time, providing the commitments were made one at a time.

Under section 102 (d) (p. 5 of the bill) a builder could have loans insured for projects totaling up to $50 million within an arbitrarily defined "marketing area" if it were in a slum-clearance area.

FIFTY-MILLION-DOLLAR LOANS IN SLUM-CLEARANCE AREAS

Section 102 (d) (p. 5 of the bill) would provide that one builder could have loans insured for projects within an arbitrary "marketing area" totaling $50 million if the housing is to be in a slum-clearance area.

INCREASING FHA AUTHORIZATION $4 BILLION

Section 102 (g) (p. 6 of the bill) would authorize FHA to insure $4 billion additional of housing mortgages under its general programs at public risk.

These are the programs for which additional authorization of $1.5 billion was provided in new legislation enacted in March.

This would be in addition to previous authorization which would be released by any repayments.

It would be in addition also to the unused authorization in the title I home-repair program.

And it would be in addition to the $1,350 million new authorization proposed in this bill for the new Wherry housing.

It would bring total authorization for general program insurance under FHA to $27 billion, exclusive of home repair and new Wherry programs.

As of March 31, more than 2 million loans had been insured under these programs for more than $19.6 billion, of which $17¼ billion are still outstanding.

REPLACEMENT VALUE FOR SLUM-CLEARANCE DWELLINGS

Section 102 (h) (pp. 6 and 7 of the bill) would repeal "appraised value" as the basis for the amount of construction and rehabilitation loans to be insured by FHA for dwellings in slum-clearance areas, and substitutes the old windfall formula of "estimated replacement cost."

Practically all of the windfall cases developed in last year's investigations had their origin in the exploitation of the "estimated replacement value" yardstick which allowed "mortgaging out" with loans far in excess of cost.

Now it is contended that builders are reluctant to go into FHA projects without this windfall device.

COST CERTIFICATION REPEALED FOR SLUM-CLEARANCE HOUSES

Section 102 (i) (p. 7 of the bill) would repeal the requirement for cost certification on small individual houses built under the program for housing families displaced by Government action in its slum-clearance program.

It is contended that no other FHA program for small individual houses requires cost certification.

REPEALING RESTRICTIONS ON SLUM-CLEARANCE HOUSING

Section 102 (j) (p. 7 of the bill) would amend section 221 of the 1954 Housing Act, which insures loans to build housing for people forced by the Government to move out of slum-clearance-program areas.

The amendment would make this housing available to all people in the slum-clearance area whether they were forced by the Government to move out or not.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Sections 103 (a) and 103 (b) (p. 8 of the bill) would change the 1954 Housing Act with respect to the Federal National Mortgage Association (FNMA).

Under the 1954 act, FNMA, in its secondary mortgage market operation, accumulates funds from private sources by requiring those who sell mortgages to the Association to invest not less than 3 percent of the outstanding balance of the mortgage sold.

This bill would reduce this requirement from 3 percent to 2 percent.

The committee says little private capital has been invested under the 1954 act, and evidently thinks a reduction in the investment percentage would result in greater investment.

Section 103 (b) would amend the FNMA charter to require the Association, in its secondary market operations, to buy mortgages in all sections of the country at the same rate.

Such a uniform price probably will result in bringing the purchase prices for all the paper purchased in all sections of the country to the maximum rate.

EXTENSION OF NONESSENTIAL EMERGENCY DEFENSE HOUSING

Section 105 (p. 9 of the bill) extends for another year so-called title IX for the insurance of emergency defence housing.

Norman P. Mason, FHA Commissioner, on page 69 of the committee hearings on this bill, said this program had been on a stand-by basis for the past year and that the program has "fulfilled its purpose."

But, as usual, there is reluctance to let one of these programs expire on its expiration date, and this bill would extend for another year the life of a program to insure emergency defense housing for which there is no longer any need.

There have been more than 54,000 loans under this program for more than a half billion dollars and there is still a half billion dollars in outstanding balances.

INCREASING APPROPRIATED FUNDS FOR SLUM CLEARANCE AND LIBERALIZING THE PROGRAM

Sections 106 (a), (b), and (c) (pp. 9 and 10 of the bill), increase Federal appropriations for capital grants to slum-clearance programs by more than a half billion dollars, increase amounts available to individual States by 100 percent, and legalize industrial use of slum-clearance areas and make funds available for this purpose.

This is a program which actually is operated by local housing authorities, with very little authority remaining in the Federal Government.

The program contemplates that the Federal Government will absorb two-thirds of the loss on the projects. Ordinarily this would be most, if not all of the cash loss, because the locality takes credit for its one-third of the loss in terms of street and other improvements which, in most instances, are already in the area.

Under this program the local housing authority acquires a so-called slum-clearance area, usually at exorbitant prices, clears it, and sells it again to somebody else for practically nothing—with the Federal Government taking the loss.

Section 106 (a) of this bill increases the authorization for appropriations to make capital grants to this program by $212.5 million to be available July 1, 1955; another $212.5 million to be available on July 1, 1956; and another $100 million to be made available by the President at any time.

Section 106 (b) amends the 1949 Slum Clearance Act to provide that any one State may have grants totaling 10 percent of available funds plus $70 million.

Obviously, this amendment is for the State of New York, which has exploited this program to its maximum, including use of cleared land to build a combination coliseum-office building. The fact that this structure recently caved in indicates the kind of jerry-building construction which may be expected to characterize these projects.

This is not all of the abuse and exploitation which have come to light in these programs. I have a letter from Mr. Albert M. Cole, HHFA Administrator, which discusses them in detail. And I have made this communication a part of the CONGRESSIONAL RECORD.

Section 106 (c) authorizes the acquisition of land by condemnation or otherwise from one private owner and its sale to another for development in industrial construction for private profit. In addition, this section provides that 5 percent of Federal funds allocated to a local public agency may be used to subsidize industrial development for private profit in this manner.

The slum-clearance program has been authorized to draw, and have outstanding at any one time, $1 billion from Federal debt receipts. To date it has had a $500 million authorization for appropriations to make capital grants, and it has used an estimated $58 million of this money. This bill more than doubles the appropriated funds for capital grants.

Section 107 on page 11 of the bill would enable Territories to participate in the slum-clearance program.

This could contemplate the reconstruction of nearly everything in Puerto Rico and a large part of Alaska.

PUBLIC HOUSING

Sections 108 (a), (b), (c), and (d) (on pp. 12 and 13 of bill) restore the total number of units to this program at 810,000 to be constructed at the rate of 135,000 units a year, with more than 135,000 units in the coming year, and eliminate the provision in the 1954 Housing Act which required that public housing projects be located exclusively in cleared slum clearance areas.

Under the public housing program, the Federal Government makes a series of preliminary loans to local housing authorities for advance planning and construction. After construction the local housing authority refinances the whole project with a long-term bond issue. As a permanent proposition the Federal Government appropriates annually to the local housing authority for operating costs as a means of guaranteeing low-rent housing.

Public Housing Authority is authorized to draw from the Federal debt $1.5 billion to be outstanding at any one time for its loan program. Since 1941 the actual contributions have totaled nearly $200 million. Expenditures on these programs from appropriated money got down to little more than $3 million a year in the immediate postwar period, but now they are running at nearly $50 million a year.

There has been little publicity on the scandals in the public housing programs, but I have placed in the record a communication received from Mr. Albert M. Cole, Housing and Home Finance Administrator, listing nearly 50 irregularities and illegalities in 18 States and Puerto Rico.

The substantive legislation authorization for public housing units has always been high. As usual it has been held down by appropriation bill riders limiting annual contributions and otherwise curbing the number of new starts under the public housing program.

The Housing Act of 1954 put a further limitation on public housing by providing that these projects could be built only in slum clearance areas.

This bill would eliminate the lashup with the slum clearance program.

Sections 109 (a), (b), and (c) (pp. 14 and 15 of bill) make special provision for housing elderly people—over 65—in public housing units and provide for the construction of an additional 50,000 units over a 5-year period, beginning in fiscal year 1956, for this purpose. These 50,000 would bring the authorized total of public housing units to 860,000.

Section 109 (a) permits single persons 65 and over to occupy these units. Section 109 (b) allows occupancy of married persons, one of whom is 65 years of age or over, to occupy the units, with preference of occupancy second only to people displaced by the slum clearance program. Section 109 (c) is more or less technical. Section 109 (d) provides for the additional units at the rate of 10,000 a year for 5 years ending in 1960.

TEMPORARY WAR HOUSING

Sections 108 (e) and (f) (pp. 13 and 14 of bill) give former owners of property taken for temporary war housing under the Lanham Act first preference in repurchase of the property when it is offered for sale in liquidation, and waive down-payment requirements in the sale of an Indiana project to a tenant co-op.

Lanham Act projects were financed exclusively from appropriations totaling $65 million. In the liquidation of these projects, repayments have totaled approximately $10 million.

HOME LOAN BANK BOARD AND FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION

Sections 110 (1), (2), (3), (4), (5), section 111, and section 112 (pp. 18 through 22 of the bill) would make the Home Loan Bank Board an independent agency, removing it from Housing and Home Finance Agency,

change requirements of member banks for stock subscription, provide for retirement of Federal Government stock in Federal Savings and Loan Insurance Corporation, allow the board to cancel membership of member banks, change the number of elected directors, and change the method of assessing Federal Savings and Loan Insurance Corporation fees.

Federal Government stock in Federal Home Loan Banks is now retired and no appropriation is made to the system, but there is a Federal contingent liability totaling $1,750,000,000.

At the time Government stock was being retired member banks were required to subscribe at least 2 percent of the aggregate unpaid principal of the home mortgage loans they held. This requirement would be reduced by 1 percent, under section 110 (1) of this bill.

Section 110 (2) would allow Home Loan Bank Board to cancel membership of banks with policies inconsistent with those of Federal Home Loan Bank Act.

Section 110 (3) is technical to complete the reduction of stock subscription to 1 percent.

Section 110 (4) allows an increase in the number of Home Loan Bank Board directors to a number up to twice the number of States in each Home Loan Bank district.

Section 110 (5) makes the Home Loan Bank Board an independent agency.

Section 111 removes the 2,500 limitation on loans by Federal savings and loan associations. The committee report says this limitation was inadvertently imposed under the Housing Act of last year.

Section 112 would allow the Federal Savings and Loan Insurance Corporation to retire Government held stock by issuing debentures for this purpose to Federal home-loan banks, and would enable the Federal Savings and Loan Insurance Corporation to charge admission fees commensurate with the cost of processing applications for insurance coverage.

To say that Government stock in the Federal Savings and Loan Insurance Corporation is one thing, but as in many of these Federal housing programs it is difficult to establish a clear straight record of how they were financed and their real fiscal responsibilities.

The Federal Savings and Loan Insurance Corporation is an example; when the Home Owners' Loan Corporation was established the Treasury was authorized to subscribe its capital stock of $200 million, and the Corporation was authorized to issue $4,750,000,000 of its own bonds guaranteed by the Federal Government. The Treasury issued notes to the Reconstruction Finance Corporation from which it got the $200 million, and the RFC drew the money from the Federal debt. The Federal Savings and Loan Insurance Corporation was formed as a sort of subsidiary of HOLC which subscribed to the new Corporation's stock for $100 million. Now the HOLC has been liquidated and the capital stock of the Federal Savings and Loan Insurance Corporation has been transferred to the Treasury, which also currently is trying to liquidate the RFC.

PERMANENT COMMUNITY FACILITIES PROGRAM

Sections 113 and 114 (pp. 26–28 of the bill) would make permanent the temporary Community Facilities Administration for public works planning by States and localities, authorize $48 million permanent revolving fund and provide that the cost of planning, borne by the Federal Government, that doesn't materialize does not have to be repaid.

Section 113 establishes a revolving fund to be made up of $10 million now available in appropriated funds, appropriation of $12 million July 1, 1956, another $12 million July 1, 1957, $14 million July 1, 1958, and the subsequent appropriation of such additional amounts as are necessary to maintain the revolving fund at a level of $48 million.

This money is loaned to State and local public agencies for advance planning of public works.

Continual appropriations to this fund are to be anticipated, because funds advanced for projects which do not materialize do not have to be repaid.

Any one State may draw down as much as 10 percent of the entire fund at any one time.

Section 114 increases the pay of the Community Facilities Commissioner.

The record of this program to date has been repayment of less than 50 percent of the loans. The program has received appropriations totaling $86 million. Repayments of loans have totaled little more than $30 million.

FEDERAL (PUBLIC FACILITY) LOANS FOR LOCAL PUBLIC WORKS

Sections 201, 202 (a), (b), (c), 203 (a), (b), 204, and 205 (pp. 29, 30, 31, 32, and 33 of bill) provides for direct loans or purchase of securities of States and localities for public works projects such as water, sewer, gas facilities, etc., with funds to be taken out of the Federal debt, with any repayments going into a revolving fund for turnover use. Section 201 makes this loan program a permanent Federal program.

Section 202 (a) authorizes purchase of securities of States and localities for this program, and authorizes direct loans for specific projects.

Section 202 (b) (1) (2) fixes the rules for assistance under this program and authorizes 40-year loans.

Section 202 (c) gives preference in this program to small towns.

Section 203 authorizes expenditure of funds from the Federal debt for these loans and security purchases.

Section 203 (c) sets up the revolving fund with repayments under the program.

Section 204 provides for administration of the program, and section 205 provides for the substitution of this program for similar provisions under RFC.

COLLEGE HOUSING PROGRAM TO LEND A HALF-BILLION DOLLARS OUT OF THE FEDERAL DEBT

Sections 301, 302, 303, and 304 (pp. 33–38 of bill) would liberalize Federal loans for so-called college housing by increasing the amount outstanding at any one time from $300 million to a half-billion, and make loans not only for student and faculty housing but also for cafeterias, dining halls, student centers, and unions, infirmaries or other outpatient or in-patient facilities, etc.

Section 301 of the bill expands the scope of the program beyond housing projects, precludes Federal loans if private offers are better, fixes the interest rate, raises the outstanding limit from $300 to $500 million and makes other rules.

Section 302 defines the term "development costs" to include other than student and faculty housing.

Section 303 redefines colleges to include junior colleges, philanthropic corporations.

In a recent letter, Albert M. Cole, Housing and Home Finance Administrator, has advised me that, in its housing program for student and faculty housing, HHFA, as of early this year, had commitments to 117 colleges and universities in 36 States for loans out of the Federal debt totaling over $110½ million, and that it has approved, pending final commitments, 14 additional loans totaling $8.8 million.

These colleges and universities are both State and private and to qualify for the loans under the law they had to show that they were unable to secure the necessary funds for such housing from other sources upon terms and conditions generally comparable in terms and conditions applicable to loans under this title of the National Housing Act.

Under the act these direct loans from the Federal Government, to be financed out of the Federal debt, bypassing appropriation procedure, may be for terms up to 40 years putting their maturity virtually at the eve of the 21st century. The Housing Administration appears to be encouraging 40-year debts for both private and State colleges and universities to the Federal Government.

NEW WHERRY HOUSING

Title IV (pp. 38 through 60 of the bill, inclusive) would establish a new 3-year, $1,350,000,000 Wherry housing program for construction of projects on or near military installations for military and civilian personnel of the military departments.

It would authorize military departments to initiate projects with builders who, with FHA-insured 30-year loans from private institutions, would build the projects. Upon completion the Defense agency would assume the mortgage. The theory of the proposal is that quarters allowances, to be withheld from military personnel over the years would pay off the mortgage.

Section 801 (p. 39) would define mortgagor to include the United States acting through the Secretary of Defense or his designee.

Section 802 (p. 40) would create a separate military housing insurance fund, outside of FHA, for the Reserves in this program.

Section 803 (p. 40) would authorize the use of $1,350,000,000 of public credit as the maximum to which these loans could be insured. This would be in addition to the $27 billion authorization for other FHA programs.

This section extends the program to June 30, 1958, gives the Secretary of Defense or his designee complete authority to determine need for projects, bases the amount of the loan on estimated replacement costs, allows costs to average $13,500 per unit, prescribes competitive bidding, and fixes mortgage maturity at 30 years, with 4 percent interest.

Section 804 (p. 50) provides for payments by the military into the military housing insurance fund.

Section 805 (p. 51) repeals reference in previous Wherry Act to the military leasing act provisions which were designed to make Wherry projects subject to local real estate taxes.

Section 807 (p. 52) would authorize the military department secretaries to "lease or sell" land to effectuate the purposes of the program.

Section 808 (p. 52) establishes a new "special assistant to the FHA Commissioner" to promote new Wherry housing.

Section 809 (p. 53) eliminates the requirement for builders of new Wherry projects to make a cost certification.

Section 402 (p. 53) would authorize FNMA to commit itself to the purchase of new Wherry mortgages.

Section 403 (p. 53) would authorize the Secretary of Defense to contract with eligible builders, after competitive bidding, for construction on land owned or leased by the Government; defines an eligible builder as a person, partnership, firm, or corporation qualified by experience and financial responsibility to build the project; and would authorize the Secretary of Defense or his designee to acquire by lease or otherwise housing constructed under new Wherry contracts, assume or guarantee payment of notes, mortgages, or other legal instruments acquired by FHA in connection with the mortgage insurance, and guarantee the Armed Service Housing Mortgage Fund against loss.

Section 403 also would provide that rentals on these properties during any year would not exceed an average of $90 per month per unit.

Section 404 (p. 55) would authorize the Secretary of Defense or his designee to acquire previous Wherry projects by purchase, donation, or other means including condemnation.

Section 405 (p. 56) would authorize the Secretary of Defense or his designee to assign quarters in these projects to military and civilian personnel and their dependents, and withhold quarters allowances or appropriate allotments from military personnel overseas as rental.

Section 405 provides also for payment from quarters allowances withheld of "all expenses of capitalization, operation, and maintenance."

Section 407 (p. 59) would "authorize to be appropriated such sums as may be necessary to carry out" the program.

Section 408 (p. 59) increases the maximum amount of individual project loans to be insured from $5 million to $12.5 million.

Under this legislation loans would be insured for the estimated replacement cost.

Requirement for cost certification would be repealed.

A builder could "mortgage out" with an insured loan far in excess of cost.

The military would assume the excessive mortgage.

This is a return to the "mortgaging out" windfall formula to a degree worse than any of the scandalous loopholes left in previous housing legislation.

The legislation raises the following questions:

Where is the requirement for the military ever to take title to the property?

Would the Government take over the builder's company with all of its assets and liabilities when it assumed the mortgage?

Where is the reason for these contracts to be subjected to renegotiation as suggested in the committee report?

Where is there a requirement to have this program conform with military housing policy, if there is a policy, in relation to appropriated housing, section 222 housing, etc.?

The bill authorizes appropriations to pay the costs of the program but says appropriated quarters allowances are to be withheld for this purpose. Does this contemplate double appropriations?

Provision is made to withhold quarters allowances and allotments for military personnel in lieu of rent, but where in the bill is provision for payment of rent by civilian employees; what will be the formula for rentals charged civilian employees; what would be the machinery for collecting rentals from civilians; if rentals were collected from civilians would they go into miscellaneous receipts of the Treasury?

Would the Federal Housing Administration exercise any control over construction of these projects where they would be in unnecessary competition with civilian projects in the same area insured under other FHA programs?

What is in the bill to prevent military departments from evading competitive bidding requirement by classifying these new projects as merely extensions of existing projects and arbitrarily giving the contracts to the builder who constructed the prior project? What provision is in the bill to prevent the builder from renting units as they are completed, before the military takes over, and pocketing the rental proceeds 100 percent as they are doing now in many projects?

Does this bill contemplate that the military departments will come into agreement with Congressional Armed Forces Committees on these projects as is now required in connection with military acquisition of other real estate?

Where is the commonsense in having one Federal agency assume a mortgage insured by another Federal agency with provision for a third Federal agency to buy the paper?

Can this Congress bind future Congresses either to appropriate funds to meet the cost of these mortgages or to keep quarters allowances for military personnel at a level sufficiently high to meet the costs?

Is the whole scheme not a subterfuge to avoid direct debt by the Federal Government by assuming the obligation of mortgages, insured by another Federal agency in the nature of a contingent liability?

Will not military personnel be required to pay with their quarters allowances, for 30 years to come, excess rentals to cover cost of excess loans for the benefit of "mortgaging out" builders?

NEW PROGRAM FOR SMOKE ELIMINATION AND AIR POLLUTION PREVENTION

Title X (pp. 60 through 67, inclusive, in the bill) would add a whole new housing program to undertake the elimination of air pollution caused by smoke, fumes, gases, etc.

The program would contemplate research to determine causes and effects, to develop devices and methods for preventing or eliminating air pollution and to provide guidance and assistance to States and localities for the same purpose.

Appropriations are authorized to enable the Secretary of Health, Education, and Welfare to enter into 4-year research contracts, make grants to public and private agencies for research, training, and demonstration projects; and to enable the Housing and Home Finance Administrator to make loans to business enterprises and purchase their obligations for installation or construction of devices to eliminate air pollution.

The committee declined, according to its report, to write a limitation of $3 million on research. As it stands the bill carries no limitation on funds for this new program except as may be exercised through annual appropriations, and that will be difficult because the program contemplates contractual obligations.

CONTINUATION OF DIRECT AND INSURED FARM HOUSING LOANS

Title VI (pp. 68 and 70 of the bill) continues the program for direct loans and insured loans for farm housing under the Department of Agriculture. Extension would be for 1 year.

Heretofore this program has been limited to direct loans from appropriated funds. This bill extends the direct loan program, and in addition provides for insurance of farm housing loans to a total of $100 million at public risk. The insurance machinery would be under the Farmers' Home Administration.

This program, under the Department of Agriculture, to a large degree duplicates and overlaps the Farm Housing Insurance program under the FHA now that the insured loan feature has been added.

The direct loans under the Department of Agriculture were started in 1949, and to date gross loans under the program have totaled $97 million in 19,000 loans.

FAIR LABOR STANDARDS AMENDMENTS OF 1955

Mr. DOUGLAS obtained the floor.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. JOHNSON of Texas. I ask unanimous consent that the Senator from Illinois may be permitted to report the bill (S. 2168) to amend the Fair Labor Standards Act of 1938.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, I report from the Committee on Labor and Public Welfare an original bill (S. 2168) to amend the Fair Labor Standards Act of 1938, in order to increase the national minimum wage, and for other purposes, and I submit a report (No. 498) thereon.

The PRESIDING OFFICER. The report will be received, and the bill will be placed on the calendar.

The bill (S. 2168) to amend the Fair Labor Standards Act of 1938 in order to increase the national minimum wage, and for other purposes, reported by Mr. DOUGLAS, from the Committee on Labor and Public Welfare, was received, read twice by its title, and placed on the calendar.

Mr. DOUGLAS. Mr. President, the Committee on Labor and Public Welfare has reported a bill to amend the Fair Labor Standards Act, about which I think we shall hear later from the majority leader. I wish to express my thanks to the other members of both the subcommittee and the full committee for their cooperation, and also my thanks and appreciation to the members of the staff for the fine work which they did in preparing the bill, in helping to edit the testimony, and in preparing the report.

The testimony will be in 3 volumes, running to over 2,000 pages. The report is quite voluminous, and will be on the desks of Senators tomorrow.

Since action on the housing bill has been completed today, I hope the decks have been cleared for a discussion tomorrow of the bill which I have reported.

In brief, the committee, by a quite decisive vote, approved the raising of the basic minimum wage from 75 cents an hour to $1 an hour, to be effective the 1st of January 1956.

TRANSMISSION LINES FOR THE TVA

Mr. KEFAUVER. Mr. President, I was informed just a short while ago that the House Public Works Appropriations Subcommittee this afternoon voted 9 to 6 to knock out the $6½ million appropriation from the TVA budget to build transmission lines out to the middle of the Mississippi River to pick up Dixon-Yates power. The House subcommittee applied that money instead to start construction on the Fulton steam plant.

This is good news. Just a few days ago, with magnificent disdain for the Congress, for the Securities and Exchange Commission, which has yet to approve its debt-financing plan, for the feelings of the people of the valley, the team of Dixon and Yates staged a gigantic celebration in West Memphis, Ark., and broke ground for their plant.

This action of the House committee, I trust, will show them that they were a bit premature.

They may break ground, they may start building a plant, but there are still many of us who are determined that not one kilowatt of power from that plant will ever go into the lines of the TVA system.

And in this determination I can assure you, Mr. President, that we have the support of considerably more than 90 percent of the citizens of the valley—the local people if you please.

SUSPENSION OF CERTAIN IMPORT TAXES ON COPPER

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 406, H. R. 5695.

The PRESIDING OFFICER. The bill will be stated by title.

The CHIEF CLERK. A bill (H. R. 5695) to continue until the close of June 30, 1958, the suspension of certain import taxes on copper.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to, and the Senate proceeded to consider the bill.

Mr. JOHNSON of Texas. Mr. President, it is not the purpose of the leadership to have the bill debated this evening. The bill, the hearings, and the report, are all available to the Members of the Senate.

The senior Senator from Nevada [Mr. MALONE] expects to discuss the bill, and after the morning hour tomorrow it will be laid before the Senate for debate.

I shall be glad to keep the Senate in session as late as is necessary to afford every Senator an opportunity to place material in the RECORD and to make whatever statements he may desire to make.

For the information of my colleagues, I may say there will be no further rollcalls tonight.

Mr. AIKEN. Mr. President, does the Senator from Texas contemplate seeking any unanimous-consent agreements this evening?

Mr. JOHNSON of Texas. No.

LYNDON B. JOHNSON OF TEXAS

Mr. HUMPHREY. Mr. President, I rise to express my appreciation to the Members of the Senate for their cooperation in making it possible for me to vote in favor of a progressive and decent public housing bill this afternoon. Most particularly, I desire to express profound thanks to the distinguished majority leader, my friend, the senior Senator from Texas.

An airplane leaving Minneapolis at 7:30 a. m. and scheduled to arrive in Washington at 2:30 this afternoon, on which I was a passenger, was delayed, due to bad weather, and did not arrive until 4:45. The delay in the vote until my arrival could only have come about as a result of cooperation from both sides of the aisle, and I am grateful to my colleagues.

At this time I also want to pay public tribute to the majority leader for his leadership in behalf of an effective Democratic Party liberal program. The Senator from Texas is a genius in the art of the legislative process. His talents, his personality, and the strength of his character are dedicated toward making the legislative process work as an effective instrument for democratic government. I do not always agree with his personal position on all issues that arise in the Congress. Honest men and liberal men differ because they have different backgrounds, different experiences, different convictions, and look at the world through their own particular sets of eyes.

I know, however, that the purpose of the Senator from Texas is to direct Congress so that its legislative behavior is a humanitarian one, consistent with the basic tenets of the New Deal and the Fair Deal. I know him to be an energetic supporter of a good housing program, adequate minimum wages, liberal social security protection, public power, and a prosperous agricultural economy, and a strong supporter of an internationalist spirit in American foreign policy. I have no hesitation in saying that I am proud of the leadership and of the skills portrayed by the Senator from Texas on the floor since he assumed leadership on this side of the aisle in January, 1953. I have no hesitation in saying, furthermore, that I am proud of having voted for him as minority leader and then as majority leader.

Mr. CAPEHART. Mr. President, we on this side of the aisle appreciate the compliment of the Senator from Minnesota upon our cooperation with him, so that he might arrive in time to vote on the housing bill. We knew all the time where the Senator was, but we did not know when he was going to arrive.

Mr. HUMPHREY. Neither did I.

Mr. CAPEHART. We also knew how the Senator from Minnesota would vote, but that made no difference to us on this side of the aisle. We were anxious to have him land safely and to reach the Senate in time to vote. The majority leader cooperated with the Senator from Minnesota, as did all the others of us.

We hope that if some day we on this side of the aisle are unable to land because of bad weather, the Senator from Minnesota will return the compliment and wait for us, so that we may be given an opportunity to vote.

Mr. HUMPHREY. I thank the Senator from Indiana. He is always a gentleman. I hope I shall be able to reciprocate his excellent example.

Mr. DOUGLAS. Mr. President, I join with the Senator from Minnesota in expressing my appreciation for the very skillful leadership of the Senator from Texas in expediting the passage of the housing bill. I am frank to say I did not think it would be possible to defeat the Capehart amendment. I do not know the precise method by which the Capehart amendment was defeated, but it was due to the extraordinary political virtuosity on the part of the leader of the Democratic Party in the Senate, and I wish to thank and congratulate him.

I also wish to thank Senators on the other side of the aisle who joined today with Senators on this side of the aisle, not as partisans, but as Americans, in voting their convictions, and to whom we really owe the passage of the bill. I express my deep gratitude and appreciation for their nonpartisan action in helping to put through, not a democratic program solely, but rather, a program which, if continued, will be very beneficial to the families, especially the children, of the United States.

Mr. JOHNSON of Texas. Mr. President, what the Senator from Minnesota [Mr. HUMPHREY] has said touches me. I appreciate his feelings toward me, as I do also the very kind and generous things said by the Senator from Indiana [Mr. CAPEHART] and the Senator from Illinois [Mr. DOUGLAS].

I may say to the Senator from Illinois that he was not alone in thinking that the Capehart amendment would be adopted, because I was as positive as I could be, when the yea-and-nay vote began, that it would be agreed to.

I may say to the Senator from Minnesota that the result of the vote shows that we ought to join the company of Dr. Gallup, because we are very poor pollsters.

I deeply regretted the circumstances in which the Senator from Minnesota found himself this afternoon. Upon checking, I learned that his plane was over Pittsburgh. Under the unanimous-consent agreement the Senate would not ordinarily have voted until at least mid-afternoon, or perhaps until 4 or 4:30 o'clock. There were several amendments offered. A very unusual thing happened with regard to those amendments. In the Senate we usually use substantial time on amendments, but because of the cooperation which has always existed in the Banking and Currency Committee, under the chairmanship of our late beloved friend, Burnet Maybank, and under the chairmanship of our friend, the senior Senator from Indiana [Mr. CAPEHART], and now under the chairmanship of the Senator from Arkansas [Mr. FULBRIGHT], the members of that committee, both majority and minority, even though they may have differed, have always been agreeable to procedures which would serve the convenience of most Members of the Senate.

There could have been an unpleasant situation this afternoon. I hope we do not find ourselves again in the same situation as faced us today. We did not wait on the vote in order to get the vote of the Senator from Minnesota. Frankly, I did not think it would make any difference. I thought we would need 5 or 6 votes in order to defeat the amendment. But we waited because we were constantly being told that it would be just a few minutes before the Senator arrived. First we were told it would be 4:30, then 4:40, then 4:45. We knew of the deep interest which the Senator from Minnesota had in the pending legislation; how long he had worked on the subject, how many speeches he had made on it, and the example he had set as mayor of Minneapolis and we knew he had left Minnesota and would fly a good part of the day in order to vote on the bill. Since it would not inconvenience Senators, since we had no other legislation pending today, and since there were other amendments which could be considered prior to the vote on the Capehart amendment, we thought it would be good legislative procedure to serve the convenience of Members, as long as we could do that and still serve the public interest.

The minority leader and I had some discussion about the delay. It was a

pleasant discussion. It was a friendly discussion.

I would not say he was a party to the arrangement and that he was cooperating to protect the interest of the Senator from Minnesota, but I will say I have never served with a better minority leader or one with whom I had rather work. He understood my position, and I hope Senators on this side of the aisle will understand mine when I find myself in the same position and I reciprocate, which I shall do.

I think in this life one does not get any more than he gives. One has as friends persons who are just about the same as he is.

I am glad to say we have disposed of a very controversial bill. Many Members do not approve of a lot of things in the bill. That is true of almost every bill that is passed. I am also sure the House will make many changes in the bill. The bill has been disposed of without rancor or bitterness. Every Senator has had a fair opportunity to express and record himself. That was not due to any astuteness or any other quality which may have been attributed to the majority leader, but it was due to the helpfulness of all my colleagues, and particularly colleagues on the minority side, who were waiting on the majority leader.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. SPARKMAN. I should like to take this opportunity to add a word, particularly in view of the statement which has been made by the majority leader that the action this afternoon was not due to his astuteness. I would certainly say it had a great deal to do with the passage of the bill—that coupled with hard work, much work, and energetic work. I wish to pay my respects and express my appreciation to the majority leader for the very fine help which he gave on the bill.

Mr. President, I wish to take a half minute to say this was a very important bill. If enacted the Federal Government will become involved to the extent of probably as much as $10 billion a year. So it is serious business we have been handling. I mention the bigness and the seriousness of it in order to point out the fine cooperation which was obtained not only from members of the Committee on Banking and Currency, but from all Members of the Senate on both sides of the aisle, in handling this very important and very big piece of proposed legislation. I wish to express my appreciation to all for the manner in which it was done.

Mr. JOHNSON of Texas. I wish to express my gratitude to the housing authority of this body, the man who has done more to build more houses than has any other man, the distinguished chairman of the subcommittee, JOHN SPARKMAN. I worked with him many years in the House and in the Senate. There is no more effective, efficient, and finer Senator than he. I appreciate what he has done.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to the Senator from Tennessee.

Mr. KEFAUVER. Mr. President, first I should like to join with other Senators who have expressed appreciation for the way the housing bill has been handled by the majority leader, by the chairman of the subcommittee, by the chairman of the full committee, and by other Senators who have been interested in the bill. It is forward-looking legislation, and there is no legislation in which the people of my State are more interested than housing legislation. I am sure they will join with me in expressing this appreciation.

Mr. MORSE. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from Oregon.

Mr. MORSE. Mr. President, as a member of the Committee on Banking and Currency, I wish to express my deep appreciation for the magnificent job which JOHN SPARKMAN has done over a period of many months in connection with the important housing bill which the Senate has just passed. After all, Mr. President, it has been JOHN SPARKMAN who really has been the generating force behind this bill, which is of great importance, in my judgment, to the American way of life.

Congress is in the process of appropriating huge sums of money to help unfortunate persons abroad and to check the advance of communism in various areas of the world. On many occasions I have been heard to say that the primary obligation of Congress, legislatively speaking, is always to seek to translate the system of human rights and property rights which comprises our form of government into legislation which will promote the general welfare. If that is not the primary purpose of a free government, then it has no primary purpose.

In dealing with the piece of housing legislation to which the Senator from Alabama [Mr. SPARKMAN] has made so notable a leadership contribution, we are doing two very important things, in my judgment. First, of course, we are promoting the general welfare and are keeping faith with the fundamental purpose of our free society. But we are also placing a very effective check upon communism within our Nation, or at least an effective check upon ideologies which are irreconcilable with a free society, because there can be no question that home ownership or, if the individual concerned is not a home owner, then the renting of homes, contributes to the maintenance of a decent standard of living and proper family relations. I know of no better check upon communism than decent home conditions. I think that with every slum we clear, we deal a body blow to subversive influences within our land.

Mr. President, it is easy to say that one program is more important than another. This afternoon I shall not speak in terms of comparison. But I say that as Congress seeks to promote the general welfare by means of a housing program such as the one the Senate has approved this afternoon, we are taking very real and effective steps to provide checks against subversive influences in our Nation. We need have no fear of the loss of freedom in the United States so long as we continue to do what we can to increase private home ownership and to provide decent living quarters for those who cannot own their own homes.

Therefore, Mr. President, I think the Senator from Alabama [Mr. SPARKMAN] today is deserving of great credit for piloting through the Senate a housing bill which really, to the extent that Federal dollars are involved, will result in having dollars spent for the purpose of strengthening our Nation's system of economic freedom, which we call enlightened capitalism, insofar as economics is concerned, and which we call representative government, insofar as politics is concerned.

Mr. HUMPHREY. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. HUMPHREY. I should like to join the Senator from Oregon in paying an appropriate tribute to the Senator from Alabama [Mr. SPARKMAN]. The bill the Senate has passed today means a great deal to the State which I, in part, represent in the Senate. The bill means a great deal to my home city of Minneapolis and to the people of that city.

I concur in the views the Senator from Oregon has expressed in regard to the leadership of the Senator from Alabama and his dedication to this particular program.

Let me say to the majority of the committee who reported the bill that I believe we owe them a deep debt of gratitude and appreciation.

Mr. MORSE. Mr. President, I share the views of the Senator from Minnesota, as he has just expressed them.

As a member of the Banking and Currency Committee, I wish to say that I am very proud of the bill we brought to the floor of the Senate—which bill, through the leadership of the Senator from Alabama, was passed this afternoon by the Senate.

Mr. President, having made these comments about the Senator from Alabama, I desire to refer to two other Members of the Senate, both of whom are now on the floor.

First, I wish to join the Senator from Minnesota in the tribute he paid to the majority leader, the distinguished senior Senator from Texas [Mr. JOHNSON]. The majority leader has demonstrated again, this afternoon, his parliamentary excellence, his capabilities of floor leadership, and his dedication to carrying out the will of the majority. In this instance the will of the majority happens also be his will. But on other occasions, when he was not on the same side of an issue with me, I have seen him exercise the same leadership he exercised this afternoon, once he knew what the will of the majority was. Mr. President, no matter how great a compliment I pay him regarding the work he has done today on the floor of the Senate, I do not consider that I am in the slightest degree or to the slightest extent engaging in flattery when I commend the majority leader, the distinguished senior Senator from Texas, and congratulate him upon his cooperation with the Banking and Currency Committee in connection with the presenta-

tion this afternoon of this very important bill.

Mr. President, to the distinguished senior Senator from California [Mr. KNOWLAND], let me say that although he and I sometimes do not see eye to eye upon substantive matters, I think it is interesting to note how, over the past years, we have seen eye to eye on the matter of procedural fairness. Time and time again, when I have been a very small minority in the Senate on some issue, the Senator from California has gone out of his way, not to protect my rights, but to protect procedural rights in the Senate. When that is done, Mr. President, the rights of every Member of the Senate are protected, regardless of whether he is on the same side of the issue with any one of us in any given instance.

Not only that, Mr. President, but with the protection of procedural rights, there goes along also the protection of the courtesies which Senators are entitled to receive from each other. This afternoon the minority leader demonstrated again that, after all, from the standpoint of parliamentary tactics, one could have stuck to the so-called letter of procedural law in the Senate, or one could cooperate, as the minority leader did, in adjusting to the emergency situation confronting the Senator from Minnesota [Mr. HUMPHREY]. I think that was a wonderful example to the country of what senatorial courtesy really means. Certainly every Member of the Senate owes a word of thanks to the Senator from California for the courtesy he extended this afternoon through his minority leadership, to the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. HUMPHREY. Let me say that I appreciate the courtesy of the Senator from Oregon in yielding to me, so that I can express personally my thanks to the Senator from California [Mr. KNOWLAND]. I think he knows from me, privately, that I have the highest regard and the greatest respect for him. Although at times we disagree on basic issues, that is only an indication that we have points of view and convictions.

I think we have been taught many good lessons by the two leaders on this floor. They have taught us that in battling out the issues, we can do so as gentlemen, and thus can raise the stature of the United States Senate as the greatest parliamentary body in the world. As to that, Mr. President, I should like to dedicate my energies. Certainly we have here some good teachers who have given us excellent guidance.

Mr. KNOWLAND. Mr. President, will the Senator from Oregon yield to me at this point?

Mr. MORSE. I yield.

Mr. KNOWLAND. Mr. President, I wish to say that I am mindful of the kind remarks of both the Senator from Oregon [Mr. MORSE] and the Senator from Minnesota [Mr. HUMPHREY]. Sometimes in this Chamber we come out on the long end of a yea-and-nay vote, and sometimes we come out on the short end. Today, I happened to be on the short end. Nevertheless, I believe it is true that after we have our discussions and after the debate has ended, it is vitally important that proper procedural operations be maintained in the Senate, and, certainly, that every reasonable courtesy be extended to the Members on both sides.

Mr. MORSE. Mr. President, I thank the Senator from California.

Mr. JOHNSON of Texas subsequently said: Mr. President, I should like to say to the Senator from Oregon that I deeply appreciate the kind and generous things he has said about me. Moreover, I appreciate the efficient contribution which the Senator has made to the Senate during my term of service, and his willingness always to cooperate with me in my responsibilities as majority leader or minority leader.

Mr. MORSE. I thank the Senator.

ORDER FOR ADJOURNMENT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that, when the Senate concludes its business today, it stand in adjournment until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. It is intended that the Senate shall proceed with the discussion of the copper bill tomorrow. Following disposition of the copper bill, it is planned to proceed to the consideration of the minimum-wage bill reported by the Committee on Labor and Public Welfare.

THE ECONOMIC PRODUCTIVE POWER OF OUR NEIGHBORS TO THE SOUTH AS AN EFFECTIVE CHECK ON COMMUNISM

Mr. MORSE. Mr. President, I wish to say a word about an item which I propose to ask unanimous consent to insert in the RECORD as a part of my remarks. I wish to say what I have to say as chairman of the Subcommittee on South American Relations of the Foreign Relations Committee.

The contents of the article seem to be somewhat different from the advice and information which we receive from the State Department. I think it is important that we find out what the facts are. I do not claim to know the facts, but I read from the McGraw-Hill American letter of April 16, 1955, entitled "Mexican Air Mail Edition." The item I read is under the heading, "Bankers and Businessmen Here Are Convinced That PEMEX Is a Genuine Success."

PEMEX is the nationalized oil corporation of the Republic of Mexico, which was set up following the expropriation of American oil interests in Mexico in the late 1930's. I have always been in complete disagreement with the policy of expropriation, because I do not believe that nationalization of foreign investments is the way to create international good will and understanding.

Nevertheless, it would seem that considerable provocation was afforded by foreign oil interests in Mexico, including not only American, but British, Dutch, and other oil interests, which led to this extraordinary action on the part of the Mexican Government.

Irrespective of the merits of the causative factors which led to the expropriation, the fact is that we have here an article published by a very reliable American publishing house—certainly a conservative publishing house—which tells the reader that PEMEX has proved to be a genuine success. The article says in part:

> The long period of doubt in some United States business circles that PEMEX could ever stand on its own feet has finally been dispelled. Recent report on status of Mexico's oil industry by Antonio Bermudez, head of PEMEX, has convinced even the most skeptical American businessmen that the agency has a bright and stable future. There is also a general belief here that Mexico's petroleum industry will remain nationalized.

Mr. President, I ask that the entire portion of the McGraw-Hill American letter dealing with the PEMEX item be printed in the RECORD at this point, as a part of my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

BANKERS AND BUSINESSMEN HERE ARE CONVINCED THAT PEMEX IS A GENUINE SUCCESS

The long period of doubt in some United States business circles that Pemex could ever stand on its own feet has finally been dispelled. Recent report on status of Mexico's oil industry by Antonio Bermudez, head of Pemex, has convinced even the most skeptical American businessmen that the agency has a bright and stable future. There is also a general belief here that Mexico's petroleum industry will remain nationalized. Despite this, a rumor is circulating in Washington that a former Mexican Ambassador to the United States, Antonio Espinosa de los Monteros, is here trying to negotiate for American oil companies to return to Mexico. Trade circles interviewed by the American letter do not regard this as a serious possibility.

Business leaders in this country consider the most important aspect of Bermudez's report to be the description of Pemex's plan to refine all of its production and not to continue supplying crude to other industrial nations. It is expected that for the long term this program will mean a boost in Pemex's income of from 400 to 500 percent above the period when the oil agency exported surplus crude and imported refined products. Washington sources comment that this plan will increase Mexican oil value from $2 to $2.50 per barrel to $10 or $12 per barrel. Texas oil people believe the Washington estimate is low. They say it would be much higher if total benefit to Mexico's economy is considered.

Mr. MORSE. The thing which concerns me is that for several years we have continually been advised by State Department officials that the national oil policy of Mexico is resulting in unsuccessful operations, and that loans to Mexico from the Export-Import Bank, or any aid loans to Mexico by the United States Government, are opposed by the State Department. That is a bit difficult for me to understand. There are ugly rumors to the effect that the policy of our State Department, or at least of some officials of the State Department, may be somewhat closely related to the clientele of powerful American law firms.

I believe that we must look to the nations to the south of us to a greater extent than we have been looking, from the standpoint of doing what we can to build up their economic productive power as one of the most effective checks we have on the spread of communism to the south of us.

I think we need to be very careful not to follow an economic foreign policy of dictating to another country what its internal economic policies shall be. We need to look into the question of whether or not our State Department is following an attitude toward Pemex that is subject to the interpretation in Mexico that if Mexico operates her oil industry to our liking, and in accordance with our policies, there will be money available for loans to Mexico for oil development, but that if she does not yield to our notions as to how she should develop her oil industry, loans will not be available.

If that is the position of our State Department, then I say most respectfully that that is not the way to build up good relations.

I do not believe it is wise for us in our relations with Mexico, or any other South American country—or any country, for that matter—to indicate, intimate, or even by innuendo suggest, that loans will be dependent upon the particular country following an internal economic policy to our liking in regard to any particular industry, because if we could do that, or if we should do it with regard to the Mexico oil policy, we could very well do it in regard to an electric power policy, or a transportation policy, or in connection with any other economic problem in a given country.

In my judgment, the result of such a course would be to create the kind of doubts and fears which I found in the mind of a foreign Ambassador who conferred with me at some length this afternoon. He is not an Ambassador from a Latin American country, but he expressed to me great concern over the economic foreign policy of the United States in areas of Asia in which, according to his sights, apparently our aid is determined by whether or not the government of a particular country follows the demands or dictates, or at least the very emphatic suggestions, of the United States State Department as to the internal economic policy of that country.

American economic "imperialism" or "colonialism" may take the form of economic pressures through the exercise of which we may make the administrators of a foreign-aid policy in a particular foreign country really puppets of our State Department; or, if they are unwilling to serve in that capacity, the loan or aid is not granted.

Mr. President, I am a strong supporter of foreign aid; I am particularly a strong advocate, as I pointed out in a speech on the floor of the Senate the other day, of increasing our loans and our investments in foreign countries, rather than granting money; but I wish to suggest and to stress—and the McGraw-Hill publication raises the issue—that our State Department ought to be very careful to guard against giving the impression abroad that we will help a democratic country only if that democratic country does our bidding economically so far as internal economic policy is concerned.

The fact is that Mexico, to the south of us, is one of the outstanding free nations of the world, and her friendship is of vital importance to the United States, as is the strengthening of her economic system. Therefore I hope that evidence cannot be advanced which substantiates the views and contentions of some persons that the State Department and the Export-Import Bank have been following a discriminatory policy against the Government of Mexico so far as loans for the development of her oil industry are concerned.

I do not like socialism, nor do I like the nationalization of industry; but we might as well face the reality that economically other nations are not going to "copycat" us completely. We cannot talk about self-determination and about freedom in relation to other countries unless we are willing to protect our own ideals. One of our ideals is that if the American people decide they want, for example, to nationalize an industry—and I would fight such a program so far as the exercise of political rights are concerned—it, nevertheless, falls within the rights of our people to do so. Or, if people in a given region want to be served by a public dam and get their electric power through a Government-owned dam or through a municipally owned electric power system, it is a part of freedom, it is a part of their rights under democratic processes to make the decision for themselves.

If that be true at home, I think we should be wary about taking a position that any loan from the Export-Import Bank or any grant of aid from the State Department must be dependent upon the recipient country following an economic form in respect to a particular industry which in effect is dictated by the State Department or by the Export-Import Bank.

I make these comments today as chairman of the Subcommittee on South American Affairs of the Committee on Foreign Relations because I believe the contents of this letter call upon the State Department to clarify the positions it has taken in the recent past in regard to Pemex in Mexico.

Mr. President, I also ask unanimous consent to have printed in the RECORD at this point in my remarks a second item appearing in this McGraw-Hill publication, entitled "United States Capital Pours Into Latin American Oil Development." This article is very much to my liking because it shows what is happening as a result of American investments in some other countries in South America, particularly Venezuela and Argentina, in connection with the development of the oilfields of those countries. I think it is very interesting that these two items appear in this one newsletter of McGraw-Hill.

There being no objection, the item was ordered to be printed in the RECORD, as follows:

UNITED STATES CAPITAL POURS INTO LATIN AMERICAN OIL DEVELOPMENT

Mexico and Brazil are the only Latin American oil-producing nations that are resisting the lure of United States millions in development capital. A 3-year survey just completed by the Chase Manhattan Bank shows that other Latin American countries are easing curbs on foreign oil investment. American businessmen are preparing for large new investments below the border. Most of the money will go into Venezuela, which has become the world's leading oil exporter. However, many republics are now seeking to follow the Venezuelan example.

Argentina's agreement with three companies was hailed here as a significant step that may soon be followed by similar action elsewhere in Latin America. Standard Oil of New Jersey, Royal Dutch Shell, and Standard Oil of California will develop Argentine concessions where the Government-owned petroleum company is not working. Plans are to boost Argentine production to 8 million barrels in 2 years and to 20 million in 5 years. Buenos Aires now has to spend $200 million a year on oil imports.

Representatives of several major United States oil firms are in Guatemala. They expect to gain far-reaching exploration and development concessions from the friendly Castillo Armas government. Colombia has announced a decision providing greater tax incentives to foreign oil companies. Her net exports are declining because of the spectacular rise in consumption—up 80 percent since 1950. Output has increased only 18 percent, but new areas of potential production are difficult to reach and expensive to explore. Peru has already modified her laws. These are attracting substantial investment. Consumption is rising at such a rapid pace that Peru may soon switch from a net exporter to a net importer of petroleum.

Mr. MORSE. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point the contents of a special report and analysis of the business outlook of Mexico, published by a division of the Bureau of National Affairs of Washington, D. C. It is entitled "Mexico Is Headed for Best Year in Its History."

There being no objection, the publication was ordered to be printed in the RECORD, as follows:

MEXICO IS HEADED FOR BEST YEAR IN ITS HISTORY

The current surge in business activity here in the United States is making itself felt south of the border, too.

Indeed, Mexico's economy—like this country's—has already recovered the ground it lost during its recession in 1953 and 1954.

And prospects for further gains are bright. Like the United States—and Canada, too—Mexico is now well on the way to the best year in its history.

This foreshadows new and bigger opportunities for United States businessmen—through sales of their products (Mexico is our fourth biggest customer) or through investment in Mexico's growing industry.

REACTION TO KOREA

As was the case with her two northern neighbors, Mexico's recession was a reaction to the Korean boom.

The downturn got underway early in 1953, a few months before it began to show here.

The first sign of trouble was a sharp increase in Mexico's foreign-trade deficit and

a heavy drain on her currency reserves. (Remembering the shortages of American goods that followed Pearl Harbor, Mexicans went on an all-out importing spree when fighting started in Korea.)

A big drop in buying of raw materials by the United States aggravated the trouble.

Almost at once Mexico's foreign-trade deficit began to skyrocket. From a manageable $90 million in 1950, the total jumped to $249 million in 1951; 2 years later it reached a record $275 million.

The country can normally balance a modest trade deficit with tourist income. But the swollen figures of the early fifties were something else again. Doubts about the soundness of the Mexican economy led many investors and businessmen to retrench—and to pull money out of the country—adding to the drain on reserves.

On top of all this came the impact of lower activity on this side of the Rio Grande.

Mexican economic trends, 1948–54

[Millions of dollars]

	1948	1949	1950	1951	1952	1953	1954
Gold and dollar holdings	78	126	291	275	272	240	155
Total exports	466	466	466	573	581	536	552
Exports to the United States	359	367	433	444	410	355	328
Total imports	561	457	556	822	808	811	712
Imports from the United States	458	398	430	638	666	646	628
Wholesale prices (1948=100)	100	110	120	148	154	151	167
Retail prices (1948=100)	100	105	112	126	144	141	148
Wages—Monthly earnings (1948=100)	100	109	118	131	138	146	[1] 155
Industrial production (1948=100)	100	107	118	127	130	133	[1] 142
Farm output (1948=100)	100	112	126	132	126	[1] 130	[1] 160

[1] Estimated.

Source: International Financial Statistics, International Monetary Fund.

TRENDS IN RECESSION

Here's what happened to important economic indicators during Mexico's recession:

National income—a good measure of overall activity—dropped 3.5 percent from the record $6 billion of 1952. That's about the size of the drop that occurred in the United States.

Mine output—the all-important dollar earner—slipped 5 percent, reflecting the 9-percent drop in United States factory production. (Factory output in Mexico more than held its own, but it plays a relatively small role in the country's economy.)

Export volume, as a consequence, fell 8 percent—to $536 million—between 1952 and 1953. By the second quarter of 1954, when the United States economy started moving up, Mexican shipments had fallen still further—to an annual rate of just over $400 million.

Gold and dollars held by the central bank skidded dangerously—from $291 million in 1950, to less than $100 million early last year.

Farm production turned down in 1952—about 5 percent. Falling prices brought more distress.

Retail sales fell around 5 percent in 1953.

You can't measure what happened to employment, investment, construction, etc., with any real accuracy; there are big gaps in Mexican statistics. But all evidence indicates that these lines weakened, too.

PESO DEVALUATION

The turning point for the Mexican economy came in April 1954.

The peso was devalued by 44 percent; you now get 12.5 for the dollar, instead of 8.65. This led to some hikes in domestic prices and wages. But—by raising the cost of imported goods—the move soon succeeded in reducing the trade deficit and increasing revenues.

American buying rose a little later in the year, as American industry began to recover from its own correction.

Then last year's big farm crop began moving to market at good prices, giving Mexico's economy the last push it needed.

Once started, Mexico's recovery spread out quickly. (The 1954 figures tell only part of the story; most of the gains came this year.)

Factory production spurted. Oil production has risen 17 percent in the past year, while textile mills are operating at record rates. Steel and cement were sluggish for a while, but even they have begun to move.

Minerals output has increased substantially. The United States stockpiling program has firmed up demand—and prices—for lead and zinc.

Farm marketings jumped over 20 percent in value. Overseas buyers snapped up the record crops of cotton and coffee at good prices.

Exports, overall, rose 3 percent in 1954—and at least that much again so far in 1955. Increased tourism and the devaluation reversed the flow of foreign exchange. Reserves rose back above $250 million.

And there's new confidence on the part of Mexican businessmen and American investors.

OUTLOOK FOR 1955

With internal finances in order, and United States activity rising, there's every reason to believe that Mexican business activity will keep on expanding through 1955.

Tourism will set a record—$200 million, up 15 percent over 1954. The long-term uptrend has resumed, after faltering in 1943–54.

Retail sales will top last year's by 10 percent.

Cattle exports to the United States will reach substantial volume, now that import restrictions have been relaxed.

Oil and gas will exceed 1954 output by 10 percent.

Manufacturing is still rising, with activity in clothing, auto assembly, and electrical appliances slated to improve substantially this summer and fall.

And investment—by government and businessmen—is accelerating.

Here are some of the opportunities in Mexico that are currently attracting the funds of American and other investors.

Sulfur: United States money is helping to push Mexican output to 1 million tons a year. (Ours is a little more than 5,000,000.) American investors will be getting $20 million a year in returns.

Retailing: Some of the large American chains are preparing to follow Sears, Roebuck, which has a multimillion-dollar operation going.

Power: Foreign-owned Mexican Light & Power Co. is completing plans for a 10-year $24 million expansion program.

Machinery: A $2.5 million plant, to turn out Japanese textile machinery, is going up in Hidalgo state.

Other lines: United States capital is playing a growing role in chemicals, paints, plywood, synthetic fibers, radio-TV, and appliances.

Additionally, the Government is pouring tax funds and money borrowed from international lenders into waterpower and transportation projects—prerequisites for development of primitive areas.

IMPORTANCE TO UNITED STATES

Quite apart from the investment prospects, Mexico is important to the United States economically as a customer.

Dollarwise, Mexico's purchases—$628 million in 1954—will probably near $1 billion by 1960. Mexico might displace Britain ($688 million) as our second best customer. (Canada—with $2.8 billion—is far and away the first.)

Itemwise, the country promises to take ever increasing amounts of mining, farm, railroad, and industrial machinery and parts; electrical equipment; iron and steel products; auto parts and assemblies; and wheat, corn, and paper.

Mr. MORSE. If the information contained in this report is true, Mexico would seem to offer an opportunity to us to strengthen our foreign policy by helping the country to the south of us develop its economy to the point where we can say that through American aid and assistance we are contributing to a further raising of the standard of living of the people of Mexico.

I close by saying that just as I believe it is important that the strength of freedom in America, both political and economic, is dependent upon the standard of living of our people, likewise do I believe that the strength of freedom elsewhere in the world in the decades ahead will be determined more by the development of the standards of living of the people of those areas than by any other one fact.

That is why I say it is very important that we should export economic freedom, but not try to dictate economic policy to a land to which we grant our aid.

ADJOURNMENT

Mr. KNOWLAND. Mr. President, pursuant to the order entered previously, I move that the Senate adjourn until tomorrow at 12 o'clock noon.

The motion was agreed to; and (at 6 o'clock and 37 minutes p. m.) the Senate adjourned, the adjournment being, under the order previously entered, until Wednesday, June 8, 1955, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate June 7, 1955:

UNITED STATES DISTRICT JUDGES

Reynier J. Wortendyke, Jr., of New Jersey, to be United States district judge for the district of New Jersey.

William G. East, of Oregon, to be United States district judge for the district of Oregon.

CIRCUIT COURTS, TERRITORY OF HAWAII

Benjamin M. Tashiro, of Hawaii, to be judge of the fifth circuit, circuit courts, Territory of Hawaii, for a term of 4 years.

FEDERAL COAL MINE SAFETY BOARD OF REVIEW

Edward Steidle, of Pennsylvania, to be a member of the Federal Coal Mine Safety Board of Review for the term expiring July 15, 1958.